

# THE NEW LIBERALISM

BY

C. F. G. MASTERMAN



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TO  
ALL  
UNASHAMED  
OF  
LOYALTY

TO  
A LEADER  
A PARTY  
AND  
A CAUSE

## PREFACE

"I WAS writing ancient history," said Chateaubriand, "and modern history was knocking at my door. In vain I cried, 'Wait, I am coming to you.' It passed on to the sound of the cannon, carrying with it three generations of kings."

A similar protest may be uttered to-day by any one endeavouring to deal, except by the most transitory criticism, with the events of so rapidly changing a world. It would be easy to consider and to expound abstract principles of political justice or theory, as Hegel wrote the philosophy of the Idea while the French armies were crashing through Germany. It is easy, again, to consider each event in a daily review or summary, and to point out how far the action of man or party or nation outrages or conforms to the accepted principles of a political creed of Liberalism, which stands aloof from and undeflected by, the event of the passing hour. It is more difficult—and this is where I would claim forbearance—to endeavour to translate principles into a policy, and to apply that policy to conditions which may have fundamentally changed in the period between which the pages are written and the period when they appear before the world.

I have written here, for example, of the New Liberalism in its relation to Ireland, to Russia, to social unrest at home, to the situation in a Europe exhausted by war, and feeling heavily the weight of the Supreme Council of the Allies. But before these pages are printed, Ireland may have been tranquillised by a truce, or broken into armed insurrection; peace may have been made with Russia, or the Revolution stormed westward across its present boundaries; Europe may have repudiated the Dictatorship of the Victors in favour of the appeasing work of the League of Nations, or otherwise, European civilisation commenced breaking to pieces; or, at home, the illusion of security collapsed before a movement towards Direct Action, or an outbreak of unrest produced by Trade decline.

I have only been able to consider the situation as I can see it; for the oracles are dumb, and the prophets prophesy falsely, or are silent. I have shown from study of these present conditions the need of the New Liberal revival, if society is to be saved.

I have omitted all dealing with persons, and have only criticised the present as it has become part of an irrevocable past; the subject-matter of history rather than of contemporary political agitation. Mistakes may be retrieved. Policies may be suddenly reversed. Action may replace indifference, and sagacity incompetence. The interest of men's minds may pass to-morrow to new controversies, in which much of yesterday's doing is forgotten. But yesterday still remains, with

some strange and immortal life of its own; stamped for all time in the record of human wisdom and folly. I have attempted to judge this yesterday with the verdict of the historian. And I am confident this judgment will stand substantially the challenge of time.

I have offered no political programme, nor have I suggested for a moment any political test. Everywhere I find two voices dominant. When men talk of the "great Liberal principles of the past," the post-war world inquires, "What are these political principles?" When these principles are understood, it again asks, "How are these applicable to contemporary affairs?" These questions must be answered. If this book assists in any degree in an understanding of the reply, I shall be very content.

I may be criticised for devoting to the controversy between Liberalism and Socialism a disproportionate amount of space, considering that the advocates of these now lie seemingly crushed and impotent in the world of practical affairs by those whose actions reveal that they repudiate both. But I have done this deliberately as criticising the only alternative which can appeal to the young, and which is alive. You can search in vain amid the parties now dominating the Parliament of Britain for any guiding principle at all. There is no "New Conservatism"; no "Young England" preaching a revival of the aristocratic tradition; no unity of conviction or ideal permeating the majority that sprawls over four-fifths of the benches in the House of Commons.

## PREFACE

Occasionally a Conservative by tradition, opinion and conviction—a Lord Robert or a Lord Hugh Cecil—proclaims the Conservative ideal within the walls of that Chamber. He is speaking a tongue alien to the general. Most of his listeners are bored or discomfited, or feel a vague sense of uneasiness. And outside, the faith finds few followers. It has been killed by the war. One great and reputable ideal united the Unionist Party for thirty years. That was the ideal of a unified British Islands, resisting all attempts to give self-government as a nation to any part of them. That ideal, at least in theory, has vanished. Conservative statesmen have been laboriously urging forward the simulaerum of a Home Rule Bill, and presenting arguments contradicting their speeches of a lifetime, which would make their former leaders turn in their graves. Tariff Reform again, in its first revival, as a means of unifying an Empire whose component parts showed a tendency to drift asunder, was not an ignoble creed. It has vanished before a predatory Protectionist policy of the narrowest type, desirous only of maintaining prices and extorting profits by the removal of foreign competition. The landed interests no longer dominate. Feudalism is dead. The Church Party exercises no influence. The new wealth has as little use for a State, as for any other, religion. Here, as elsewhere all over Europe, Conservatism has vanished with that fighting Aristocracy which, after its long and chequered career of centuries, came, in battle, to no inglorious end.

We have therefore a Liberal and a Socialist theory attacking a dominance of Class and Wealth and Interest, unillumined by any theory at all. It possesses, however, a sufficiently dominant prejudice. It consists of the new wealth; the men who have made money; the men who own the means of production, who represent the great monopolies and trusts, who, through the manipulation of the great newspapers help to control public opinion. And its creed, like that of the "Sensitive Plant," is "modest" "and yet pleasant when one considers it." It is that, having laid hold upon the booty, it desires to retain as much of that booty as it can. It knows that it has to make "concessions," and it is prepared to make concessions with as good grace as possible, so long as it is convinced beyond doubt that each concession is inevitable if something worse is to be avoided. The concession must be strictly "business." It regards the mass of a working people in unwelcome revolt with contempt and hatred, not untinged with apprehension. For in its heart, and if facing naked facts, it knows that it can justify its present position on no basis of utility or justice. It has accepted as its leader a man whom a few years ago it would gladly have seen destroyed; and it trusts him to guide it through present discontents, with as little sacrifice of possessions as possible to a greedy and clamorous populace outside.

This is not so much a principle as an appetite; and deserves but little detailed criticism. If any other motive or ideal inspires those who now

support the present Coalition, it has found extraordinary difficulty in revealing itself in thought or action. God is not the God of the dead, but of the living; and I am only interested to-day in the examination of faiths by which a man can live.

C. F. G. MASTERMAN.

*September 1920.*

## CONTENTS

	PAGE
PREFACE . . . . .	vii

### CHAPTER I

THE FAITH OF LIBERALISM . . . . .	17
-----------------------------------	----

*The appeal to the past—Peace, Retrenchment, Reform—The need for a Liberal Party—The alternative, a naked fight between rich and poor—The history of past difficulties and triumphs—The fundamental principles of Liberalism—The War for Liberty—The War against Poverty—The War for Humanity—Freedom an end in itself—Political freedom impossible without economic also—Refusal to accept Imperialisms—The world mission of Liberalism—Its great allies.*

### CHAPTER II

THE WAR AND LIBERALISM . . . . .	35
----------------------------------	----

*The world after the war—Has Liberalism finished its work?—The claim of a National Party—The ideal and the reality—Unrest in post-war Britain—The prosperity brought by Liberalism and free exchange—What could have been done had there been no war—The poverty of post-war Britain—Loss in material wealth and in men—Necessity for continuance of free exchange—Necessity for campaign against poverty—Social discontent intensified by the changes of war—Socialist and Tory alternatives offer no hope of success—The one resisting redistribution, the other injuring production.*

## CONTENTS

## CHAPTER III

NEW LIBERALISM AND FOREIGN AFFAIRS . . . . .	PAGE 47
--	------------

*The three internationals—Their failure to prevent the war—Their fight against Liberalism—Liberalism embodied in a League of Nations—The beginnings in the Covenant of the Treaty of Versailles—The desperate plight of the League—America's withdrawal—The League versus the Supreme Council—The injury of the Peace of Versailles—The League a Liberal ideal—The combination of nationalism and an international mind—Liberalism for both against all Imperialisms—The need for moral disinterestedness—Liberalism's past triumphs—Gladstone versus Disraeli—The verdict of the working people—An ideal in foreign affairs.*

## CHAPTER IV

NEW LIBERALISM AND FINANCE . . . . .	65
--------------------------------------	----

*The principles of Liberal Finance—Retrenchment—Untaxing the poor—Untaxing industry—The problem of war debt—The levy on all wealth—Arguments for and against—The levy on war wealth—The new war-made wealth—Fair instruments of taxation—Defence of taxing wealth rather than poverty, luxuries rather than necessities—The top-heavy condition of British Society—The returned soldier and his poverty—Liberalism no war against Capitalists or Capital—Desire for all citizens to possess capital—Work for that end.*

## CHAPTER V

NEW LIBERALISM AND NATIONALISATION . . . . .	99
--	----

*Uncertain meanings of "Nationalisation"—The revolt against bureaucratic Socialism—The failure of Communism in Russia—Condemnation of State Control as exhibited during the war—Impossibility of declaring for or against the principle of Nationalisation—The combination by Liberalism of individual and*

## CONTENTS

XV

PAGE

collectivist ideas—*Repudiation of nationalisation as a universal system*—The special treatment of monopolies and natural resources—The Nationalisation of Railways—The Nationalisation of Coal—The need for satisfying the worker—The need for cheap coal—The impossibility of individualism or Socialism—The resemblance of various intermediate schemes—New Liberalism and the true path of progress—The future organisation of industry—Various schemes proposed—Association of employers and employed—The desire to preserve freedom—The functions of the State.

## CHAPTER VI

NEW LIBERALISM AND POVERTY . . . . . 131

The old campaign against poverty—Redemption through freedom, its successes and failures—The new demand created by the war—A standard of comfort—The four pillars of that standard—Minimum wages—Maximum hours—The provision of homes—The failure of Government's housing policy—Provision against unemployment—Periodic variations—Each trade to bear its own with State assistance—The problem of the unemployable—Reform of the Poor Law—Hope for the removal of poverty—The Liberal demand for incentive—Equality of opportunity.

## CHAPTER VII

NEW LIBERALISM AND THE LAND . . . . . 157

The ownership of British land—Would national purchase pay?—Probable future fall in value—The rural Liberal land policy—The increase in independent cultivators—A career for all—The town land monopoly—Crusade for rating and taxing of Land Values—Purchase at rating value—The end of the Land Crusade—Its rebirth.

## CONTENTS

## CHAPTER VIII

## NEW LIBERALISM AND IRELAND

*The permanent problem of Ireland—Resistance to foreign rule—The lost opportunities of the past—The impossible position of the present—Self-government the note of the new world—The strength of the Irish resistance to alien rule—Vindication of the past Liberal policy in Ireland—New Liberalism and the Irish problem—Ireland a nation—Dominion Home Rule—The Ulster problem—The only possible solution.*

## CHAPTER IX

## NEW LIBERALISM AND THE LABOUR PARTY

*The change in politics by the coming of a third party—Its constitution—A combination of class appeal and appeal to ideals—Liberalism largely represented in it—The strength given by the class appeal—The weakness produced by such an appeal—The difficulties caused by the present Electoral System—The necessity for understanding between Liberalism and Labour—The practical programme of reform common to both—Ultimate divergence between Socialists and Social Reform state—Poverty as the friend of Revolution—Immense work possible for the two parties in agreement—Such agreement the hope of the future.*

## CHAPTER X

## NEW LIBERALISM AND THE FUTURE

*New Liberalism old principles applied to a new condition of the world—The destruction of ideals—Its faith in Democracy—Its faith in Liberty—Its faith in Government by an Aristocracy—The height and the plain—Its practical programme—Its appeal to the young—Its amazing recovery—Its limitless future.*

# THE NEW LIBERALISM

*By Liberty I mean the assurance that every man shall be protected in doing what he believes his duty, against the influence of authority and majorities, custom and opinion. The State is competent to assign duties and draw the line between good and evil only in its own immediate sphere. Beyond the limit of things necessary for its well-being it can only give indirect help to fight the battle of life, by promoting the influences which prevail against temptation—religion, education, and the distribution of wealth. The most certain test by which we judge whether a country is really free is the amount of security enjoyed by minorities . . . Liberty is not a means to a higher political end. It is itself the highest end. . . . Increase of freedom in the State may sometimes promote mediocrity and give vitality to prejudice: it may even retard useful legislation, diminish the capacity for war, and restrict the boundaries of Empire. It might be plausibly argued that, if many things would be worse in England and Ireland under an intelligent despotism, some things would be managed better. . . . A generous spirit prefers that his country should be poor and weak and of no account, but free, rather than powerful, prosperous and enslaved. It is better to be a citizen of a humble commonwealth in the Alps, than a subject of the superb autocracy that overshadows half of Asia and of Europe.—LORD ACTON.*

## CHAPTER I

### THE FAITH OF LIBERALISM

IT comes of a great tradition, and can appeal to a splendid past. You can no more dissociate it, at any moment, from the stream of tendency which at that moment it represents, than you can thus dissociate some particular generation in the history

of a Church or a Nation. Churches and Nations, indeed, rise and perish, with those changes in history which are termed Progress. But they do not perish because for a time their principles are unpopular; or because they have been deserted by their leaders; or because great calamities suffered by mankind have shaken the foundation of their hope, and allegiance to their ideals has lost the high sense of triumph which accompanies a winning cause. Great political parties, embodying undying principles and set on realising these in action, have something of the life which is revealed amid the transitory generations, but possess a life transcending those transitory generations, with the power of evoking a passionate devotion only comparable with that directed to a lover or a god. The Liberal Party, says a clever Conservative journalist, can only mumble the memories of a dead past, and raise the faded banners and tattered flags of Peace, Retrenchment and Reform. Faded Banners ! Tattered Flags ! You may go to the Emporium round the corner and buy such pleasant, new-polished, bright-coloured standards to lead before your armies into battle. Only there is something lacking in them which no paint or polish can give. The faded banners are those for which men have not been ashamed to live; the tattered flags those for which men have not been afraid to die.

But all is changed by the great catastrophe—so runs the current cant. The men who, in the post-war world, still maintain pre-war ideas, are left stranded by the tide of human effort, passing away to other shores. What has changed in human

nature or external circumstance by a cosmic destruction, whose origin was due to contempt of Liberal principles, and whose consummation resulted in an eclipse of Liberal ideas? Before the war, indeed, in an age of comfort, turning towards ease and repose, it was possible for settled and prosperous communities like our own to wonder at the fury with which men preached ideas which seemed remote and alien, and belonging to a former time. Just as the accents of ancient religious creeds sounded archaic in a suburbanised society, and the despairing appeals to an inscrutable God for deliverance against "battle, murder and sudden death," or for "peace in our time" a little forced and unnatural; so the ideas which once had excited to action men whose "words were like battles" sounded like the voice of thin ghosts in a dead world. Peace? How unadventurous! Retrenchment? How vulgar! Reform? How absurd! Men's minds turned to the attainment of the material satisfaction of the few, by the exploitation of an Imperialism drawing tribute from subject races; or the material satisfaction of the many, by the attainment of a Socialism which was to secure comfort for all at the price of the surrender of freedom. So in all the lands of Europe, Liberalism, after its great age of triumph, passed into an age of indifference; with what result all men can now see, terrified. In lightning, storm and tempest, "this old Europe" has been laid in ruins. No one can tell whether those ruins can ever again become the secure habitations of men. But who, to-day, dare sneer at the creed of those who advocate "Reform" such as to secure that

the dumb millions whose happiness has been shattered and whose lives have been broken should no more be made the prey of rulers, Emperors, Kings, Presidents, elected statesmen, each driving the chariot towards calamity by arrogance, ignorance or ambition? Or at those who advocate "Retrenchment," in a world tottering to that bankruptcy which is the father of revolution? Or to those now advocating "Peace," in a world where it has been coldly and demonstrably proved that the next universal war will prove the suicide of the human race? The recovery from the numbness following the shock of so terrific a calamity, and from the wild and uneasy pursuit of pleasure which follows such numbness, must inevitably be accompanied by a return to that Liberalism, the victory of which would have made such a calamity for ever impossible.

And amongst such creatures as men, in such a world as that in which they live, such Liberalism must find practical embodiment in the life of the age. No mere preaching of ideals in empty air can ever replace the actual effort to realise those ideals through the instruments by which mankind is governed. Liberalism implies a Liberal Party. Without such a Party, the heavy weight of the dead past, embodied in the resistance of privilege and possession to change, may indeed be modified by the occasional ardour of younger and more generous spirits. You may have a "Young England," a "Young Toryism," a "New Conservatism," proclaiming ideas which seem nonsense to the old and wise of their class and party, but which are

tolerated benignantly by those who believe that youth should have its fling, and that all such movements may even attract new adherents to secure their present possession. These have seen contentedly the passing of "twenty-four leaders of Revolutions." And, at the other end of the scale, those movements of Social Unrest which are born of indignation at unequal social enjoyment, and ebb and flow so curiously from decade to decade, may be infused by the ultimate ideal of a Liberty to which Equality is but a step in a compulsion leading to a larger freedom. Such was the ideal of the leaders in the "Reign of Terror," who held that but a few more tyrannical acts by Committees of Public Safety—the death of a few more monarchs and priests and nobles—would enable all such tyrannous acts to be for ever abolished, and inaugurate the age of innocence and gold. Such is the belief of the well-meaning and disinterested despots in Russia to-day; who, through the mouth of Lenin, assert that when Equality has been fairly launched in practical working, and Capitalism completely overthrown, the freedom will once more be tolerated which to-day is deliberately denied. But these phantom infusions of Liberalism into parties whose main object and ideal, and all of whose past history, has been a combat and denial of it, could never alone keep in being the Liberal vision, and translate into action the Liberal ideal. Any Liberal statesman who, in anger at temporary estrangement or in despair at temporary defeat, should acquiesce or assist in the destruction of an organised Liberal Party, would be a traitor to the great tradition in

which he had been raised, and in whose service he had attained power. Men would have entrusted him with a great trusteeship, and he would have abandoned it. In historic words he would be "false to the generation of Thy children." Without a Liberal Party, transcending class barriers, and refusing to recognise class warfares, organised political activity becomes a mere squalid combat between those who have and those who need ; in which those who have maintain an uneasy existence by continuous concessions of small material advantage to those who demand the whole ; and mankind becomes engaged in Carlyle's famous combat of the pigs for the contents of the pig-trough. In that case, the insistence on betterment by the dispossessed only appears a little more reputable than the resistance to it by those who have made or inherited fortune. The extremity of want must create a greater sympathy amongst the humane than the bare and naked resolve of those who have and hold great possessions that they shall employ them in any personal enjoyment they please. The campaign of a Trades Unionist candidate amongst a population of Trades Unionists, promising that all shall be compelled to be Trades Unionists, that all Trades Unionists shall have more wages for less hours of work, that no Trades Unionists shall pay taxes, and that all the advantage of their material gain shall come out of the pockets of the Capitalists and the "idle rich," affords to-day a ready theme for the satirists who are hired by wealthy newspaper proprietors to combat the attack on their possessions. But the gathering together of Land

Unions to protect the Land Monopoly, or of Brewers' Associations to protect the Drink Monopoly, or of Chambers of Commerce and financial combinations to denounce taxes on wealth or war-wealth or excess profits, to pay for a war in which so many of the youth of Britain have given their lives, presents a spectacle no less ridiculous, perhaps a little more humiliating, to any observer of the ways of men in some "region beyond the fixed stars." Amongst a Society polarised into such forces as these—possession tempered by fear, and with its weapon cajolery, on the one hand, on the other, disability aggravated by privation, and with its weapon numbers and fear of numbers ("Ye are many, they are few")—no ordered progress towards an ideal can arise. The best that could be hoped would be periods of uneasy quiet in good times, when the parasitic adherents of the wealthy would place these in power, amid a general indifference accompanying prosperity; varied, when that prosperity failed, by attempts at Revolution, only, if always, failing on account of the disunion, mutual jealousies and incompetence of its leaders. And this is the prospect offered to Britain, at a moment of critical Imperial responsibility, when upon her defiant assertion of Liberal and humane ideals to a Europe in material collapse and a world in upheaval, depends, in a larger degree than ever before, the future of the human race.

What argument, under such conditions, can be offered to a Liberal Party to persuade it to commit suicide? None to-day which has not been offered it yesterday, and, when offered, always

refused. It is astonishing how, while the superficial aspects of history change, the fundamental realities of human nature remain. There is no need to go back, as the leaders of the French Revolution went back, to Greece or Rome for examples. You need research no deeper than to the time of that Revolution itself. The Liberal arguments of Fox and his followers against attempts to fight opinion with shot and rifle are as relevant to-day, and opposed by similar contention from those who are scared by panic into repression, and by fear into attempts at combating ideas with machine-guns. But the Revolution has passed from a political to a social upheaval, and the venue changed from France to Russia. After Waterloo, again, any statesman might have been forgiven for despair of the future. Men had evidence to convince them that God was dead. Lord Eldon and the Holy Alliance weighed as "heavily on mankind" as any Treaties of Versailles or Supreme Councils of Allies. Yet it was the work of those great Liberal thinkers who laboured in the darkness, believing in a coming dawn, giants of their age, which compelled that dawn to come. And in those bitter days were sowed the seeds of the emancipating and reforming processes by which, through the greater part of a century, mankind bore down and flung away all the chains and fetters which privilege imposed on the people, and the Dead had riveted on the Living. What more despairing enterprise than that of Cobden and Bright, when first initiated, for the Repeal of the Corn Laws—at a time when all the wealth of the community lay in landed

possessions, and when, indeed, such possessions were a requirement for all county members of Parliament ! Or what more desperate situation than that towards the close of the last century—with one leader in retirement, having fought for Liberal policy in Ireland for a decade against the accumulated wrong of six centuries, and fought (seemingly) in vain ; and another once-trusted leader a renegade ; and all the people turning to accumulation or foreign adventure, following after the strange gods of the heathen amongst whom they dwelt.

Yet through all these seemingly irretrievable calamities, Liberalism endured. From all of them, Liberalism emerged to victory and the power that victory brings. In all such victories it was enabled to realise in practical affairs some definite and tangible gain. During the war, and in the difficult season of the war's aftermath, Liberalism has never sunk so low, or been so obviously wounded for so long a time, as in these former historic misfortunes. To-day it finds its embodiment in a united Party, despicable neither in numbers, intelligence nor devotion. It can look for an enormous access in strength from that large and uncertain chaos which at present supports the Labour Party, combining definite adherence to Socialism, and an appeal to vote for a class rather than a policy, with a great mass of enthusiasm and energy which is itself Liberal ; animated by similar ideas, working for the same ends, as the historic Liberal Party. In the clarification of ideas which must succeed the present confusion, that body of opinion must of necessity find self-conscious expression, and be

drawn into closer sympathy with the organisation which is working against a common enemy, if under a different name. And as ideas triumph ultimately over prejudice or passion, these two organised bodies of essentially similar position must of necessity be drawn closer together. With that understanding and association is bound up the hope of the future.

What is this fundamental principle? What are these guiding activities? The principle is the enlargement of Liberty; nothing less than the complete enfranchisement of the human spirit from that prison in which it has been confined since man first was. The activities are directed towards human betterment; the warfare, regardless of class interest or prejudice, against the poverty which has replaced the slavery and serfdom of former ages; the warfare, regardless of narrow national interests and animosities, for understanding between peoples, and the right of all nations, of whatever colour, caste or creed, to realise their national ideas without interference from alien Imperialisms. The War for Liberty; the War against Poverty; and the War for Humanity; these are principles from which must flow all special application of any Liberal Party faithful to its tradition in encountering any particular problems of a particular age.

These principles are not independent and apart. They cannot be contradictory in the ultimate purpose of each, though for a time, and in respect to some particular measures, they may seem to be irreconcilable. It is during this time, and in connection with such particular measures, that Liberalism is sometimes a little dazed, and speaks with

uncertain voice. Liberty is an end in itself. It is to be maintained as an end in itself. It is not a stage leading towards some ultimate goal. It is itself an ultimate goal. That man should stand secure in his own soul, free from the old ghosts and goblins of the past, upright for the first time, and for the first time unafraid, without compulsion inflicted on body or mind by human overlordship or the blind and brutal forces of Chance and Necessity, is a thing worth working for, quite apart from any question of how that Liberty will be used when attained. Liberty may be a means to happiness, to comfort, to material prosperity, to success. It is good even if it leads to none of these things. Liberty is greater than Prosperity. It is better to be free in rags than to be a pampered slave. A nation that is free to work out its own salvation is the only nation which, at the end, can find any salvation at all.

Men often cannot understand this hard doctrine. They often hate the process of free choice. They would prefer others to choose for them. They would barter away Liberty for security. They will acquiesce for years or centuries in being governed by others for their own good. Great experiments have been made by classes and nations in this abandonment of individual Liberty for the sake of benignant Government and orderly life. Always the experiment has ended in hopeless destruction. It has been destroyed sometimes because the good Government has been succeeded by a bad. It has been destroyed at other times because the good Government, assailed from without, is found to

have atrophied the very will-power and decision of the people. And it has failed because, amongst these very people themselves, there has arisen a stirring and revolt, in the consciousness that they are leading a life incompatible with the free exercise of the human will.

There are preachers of Utopias, again, who can settle all the difficult problems of mankind so long as active opposition is removed, and "consent" to imposed law accepted. Given a state which can direct and control the actions of its citizens, establishing equality on the mass, forcing labour into the channels which the rulers of this State desire it to occupy, intolerant of criticism and revolt against its organised "hire" system, with powers of penal imprisonment for idleness and of effective measures for the elimination of the "unfit," you may obtain a State as ingenious and specialised as the ant-heap or bee-hive, and with the success of the community of the ant or the bee. But in such a State freedom would be absent. The energies evoked by freedom would be withdrawn. Your disinterested "Samurai" who ruled with passionless devotion would be found instruments of a tyranny more unendurable than the lust and caprice and careless splendour of the old kings. Humanity would smash the whole affair to pieces, or Humanity would perish. There is no hope for general human betterment but in the difficult path of freedom. It is not in the making of "giants," but in the "elevation of the race," that the work of the future lies. Without such an ideal, and continuous progress towards such an ideal, time

becomes a mere "maniac scattering dust," and life "a fury slinging flame."

The first task of Liberalism is therefore to champion Liberty for all nations, classes, creeds and persons who compose this variegated family of mankind. In so far as it works towards this, it is true to its tradition. In so far as it works against it, it is false to its tradition, and has gone astray down hazardous ways. To obtain such Liberty as we enjoy against human tyrannies, Liberalism was compelled to fight and to shatter prejudice and selfishness embodied in great political parties, to whom Liberty—for the many—was a myth. And in the world of the spirit this advocacy of freedom has been compelled, and is still being compelled, to encounter perpetual and formidable attack, from a Conservative philosophy repugnant to granting emancipation to the many, and a Socialistic philosophy set on the coercion of these many by the few. In the name of that Liberty giants and kings were overthrown, slaves set free, disabilities of class or creed removed, ancient monopolies burst into fragments, taxes swept away which created "famine made by law," or which, making many poor and a few rich, "suited not a Commonwealth."

In practical application the doctrine of freedom often found difficulty in expression as the right of one clashed with the right of another. For this world is so constituted that free-will means the right not only of self-realisation, but also of self-destruction. ~~And political~~ <sup>को</sup> political liberty alone became insufficient in face of an economic and social order which

पुर्णे ४.

याज्ञवा ग्रंथसंग्रहांतून.

left a man on the one hand an equal citizen of another, on the other in hopeless economic bondage; on the one side a *misérable*, on the other a god. And thus the work of emancipation from human tyrannies and monopolies and injustices has been steadily accompanied by the bringing forward of a series of measures designed to protect the weak from the uncontrolled use of the power of the strong; which could drive them, not up against the apparatus of law, but against the ultimate and formidable pressures of hunger and cold. The Liberal war against poverty, in many respects so successful, in others only just beginning, is not in the least incompatible with the principle of freedom. For poverty is itself slavery, and those lying in bondage in its prison-house are in effect as much deprived of freedom as of comfort. For Liberalism the race must still be to the swift, and the battle to the strong; but it can also contrive that these strong and swift shall not obtain unfair advantage, and establish economic slavery over their neighbours by barring the way of opportunity, and driving all who resist and all who acquiesce into the cave of minished life.

Liberalism in practice, therefore, has always refused to be bound by the hard logical doctrines of complete individualistic philosophy on the one hand, or collectivist philosophy on the other. It sees unchecked private enterprise, protected by instruments of order and the law of inheritance of man's making, if not creating, yet acquiescing in the creation of, a population so driven against the boundaries of decent existence, as to possess neither

time, wages, leisure nor security adequate to make them free. It is determined that freedom for these classes shall be attained; that such inequality in the presence of such fortune is incompatible with its ultimate principles and traditions. It is determined to build a platform of minimum subsistence and comfort, below which no man or woman shall be allowed to fall, except by deliberate choice. It is determined upon equal opportunity for every child brought into the world. It has no longer fear that increase of population will break down any reasonable standards of human comfort, or that the "late comers" may find themselves "strangers at life's feast." It will walk far with those who, in anger at the intolerable conditions of so many lives, demand that collective action shall curb and control the blind forces or fierce egotisms of men, and that the resources of the whole community shall be turned to the work of the redemption of the disinherited. It will go far, but not to the limit of a collectivist tyranny whose fruits might be even more deplorable than that of unchecked individual effort. For in any warfare against poverty it must respect the ultimate principle of liberty also. It cannot accept as an ideal a world in which every one shall be comfortable, if the accompanying condition is that no one shall be free. It believes that in the blending and resultant of these two forces, and not in the complete triumph of the one or the other, lies the hope of progress.

And, finally, in the affairs of the world outside the conditions of its own land, Liberalism speaks with no uncertain voice. Its object has always

been definite in theory and realisable in action—to respect the self-determination of nations as completely as that of individuals; but to work with the representatives of all other nations for understanding, for mutual assistance, for the formation of an international mind. Its enemies are, and always have been, that Nationalism which concentrates on its own welfare regardless of the life of humanity outside, and that Imperialism which, in its aggression and pride, tramples down the sovereign rights of other peoples, or exploits the needs of those peoples for its own advantage. It is resolutely desirous of the erection of a "World State" by the free Union of all Nations, surrendering their right of assailing the rights of others to a supreme tribunal or arbiter of humanity. It would fight to the last breath against any world state established by one or two great Empires in union, issuing fiats which others are compelled to obey from fear of force only.

It cannot preach self-determination to others without applying that principle to our own overlordship. Britain cannot stand permanently as the organised hypocrite of the world. By the test of the preparation for enlargement, or the immediate granting of liberty, it must judge the development and continuance of this great congeries of nations which comprise that "awful thing," the British Empire.

Though respecting the rights of all nations, Liberalism has come historically to be reckoned as the special friend of the smaller nations; perhaps because, in the clash and greed of various great

powers, the rights of these little nations are most in jeopardy. So it was that at a time when the Liberal idea had gone down before the Imperial idea in Britain, British Liberalism was still held in high honour in the Italian, the Belgian, the Balkan territories, whose emancipation it had assisted, or whose rights it had guaranteed. The name of Gladstone, when for a time half forgotten in his own land, was still a name sounding like a song in all those regions, Greece, Bulgaria, Serbia, Montenegro, which found in this united homage the only bond of union among States which hated each other, and hated and rightly despised the Concert of Europe outside. And when, in a moment of madness, this country threw itself upon two small, free Republics in South Africa, and destroyed their existence in an ignoble war, amid the universal disapproval of the nations, it was the Liberalism of Europe and America, not the Imperialism which would have done the same in similar case, which was most sickened and dismayed. It was left to a revived Liberalism, in a sudden and magnificent reversal of the policy of its predecessors, to atone, as far as was possible, for that international crime, and to give back to the peasant States of South Africa as a free gift, the Liberty for which they had fought and been defeated. And only the vindication, regardless of consequences, of an ancient guarantee to such a small nation as Belgium, upon demand that this guarantee should be honoured in face of brutal and unprovoked invasion, has completely removed the memory of that crime.

But if Liberalism has thus been so insistent on

National Right as a thing in essence sacred, it has been no less insistent on the encouragement of a policy which will break down barriers and enlarge the common sympathies of humanity. It stands for freedom of exchange of all commodities between all countries; not only for practical advantage in the increase of the wealth of the world, but for moral gain as a chief means of promoting understanding and friendship, and removing the horrible menace of war. It stands for freedom of intercourse, the breaking down of all barriers which prevent citizens of one land from visiting and residing in the lands of others; for opposition to all that distrust and hunting of "aliens" now so dismally embodied in recent squalid and panic legislation. It stands for all agreements which may bring reason and compassion into the common life of man. It finds that war, in the gigantic ruin it has wrought amongst the bodies and souls of men, has left amid the wreckage one shining jewel—the conception of a League of Nations which has always been the consummation of the Liberal ideal.

Such is the Liberal faith. Such is the ideal of a Liberal Party. All who have understood it, and made some help towards its realisation a part of their life's effort, can afford to smile at the taunts of those who see it trampled down and despised. It will arise again. It will achieve victory. It will endure. It is indifferent to individual defections and transient defeats. It carries with it the seeds of the future. It has allies outside time. For its aids are exultations; and agonies; and love; and man's unconquerable mind.

*He thought it well to remind Englishmen that the country is still young, as well as old, and that in these latest days it has not been unworthy of itself.—LORD MORLEY, of Gladstone.*

*There is no true vision of the fortunes of human Society without Hope, and without Faith in the beneficent powers and processes of the unseen time.—LORD MORLEY.*

## CHAPTER II

### THE WAR AND LIBERALISM

BUT this is all changed, men say. We have to-day no quarrel with an historic Liberalism. Doubtless it served its generation, before falling asleep. But its particular work of emancipation has been done. The feudal system has gone. There is practical equality of religions. Justice has been reformed. All men and women have the vote. You are fighting against enemies who have long been dead. And in any case the war has made all these old trivial quarrels appear futile and vain. The new birth of the war is a National Party, equally occupied with the interests of rich and poor, devoted to Liberty, but at the same time not unmindful of the principle of Authority, steering adroitly “between the Scylla of ‘Yes’ and the Charybdis of ‘No.’” The new spirit “learnt in the trenches” is to make a new understanding between class and class. The rich will be offering their possessions to the poor in

the desire of equal sacrifice born from the facing of a common danger. The poor, like the soldier begging his officer not to expose himself in the place of peril, will be handing those possessions back to the rich again. The little disputes over which men once grew so heated will be seen in their right proportion. Protectionist will no longer rise up against Free Trader, or public feeling be excited against monopolist or profiteer. The object of each will be to produce the betterment of all, on such harmonious lines as will cause no appreciable loss to any, and excite none of the fierce passions of the pre-war world.

How far such a picture presents a faithful or distorted vision of present-day affairs, let those judge who are familiar with the anger and bitterness now fermenting throughout city and countryside. This anger is especially directed against those who made great fortunes while other men died, who appear to have been the favoured children of the first Government and Parliament which succeeded the war. But it is directed also against the insurgent poor and their leaders, who seem in this view to be animated solely by an irrational desire to make uncomfortable the life of the prosperous and wealthy. Between these two class hates the "Middle Class," whose welfare is crushed seemingly by both, is utterly perplexed which to turn to for help, or who is really responsible for its misfortunes. Such is the harmony evoked by common sacrifice in post-war England.

If indeed the two ends of Liberalism in home affairs had been established—the triumph of liberty,

the destruction of poverty—Liberalism might be content to withdraw from the scene with the sense that its work was done. No such withdrawal is possible. The "eternal vigilance" which is the price of freedom was never more necessary than to-day. The demand for a fairer apportionment of such good things as life can bring was never more defiantly confronted, not by the old proprietors of land and possessions, but by a "New Rich" of speculators, business men and war profiteers, who, developing without any of that sense of responsibility to others which dignified the old and dying order, have taken possession of the House of Commons, and believe that they can rule the country in their own interest and for their own ends.

Liberalism came into a world where the dead hand of the past still laid its clutches on the living who desired to be free. And it reformed a world in which the State represented a class only, and acted only in the interests of that class. It gave the British trader the right to buy the food and materials for his industry when he liked, how he liked, where he liked, unhampered by State restrictions, in all the markets of the world. That right was forbidden to his trade rivals, whose Government manipulated Tariffs in the interest, not of the mass of the people, but of selected classes. Bismarck in Germany established a Tariff to maintain the junker domination and to breed cannon fodder on the land. "Business" in America bought up legislatures and enforced protective duties, for the sole advantage of itself. And the result was that this little island, with few artificial advantages, com-

peting against massed and organised competition, was able, not only to hold its own, but even to gain in wealth and prosperity over its neighbours. It provided cheaper and better food and commodities for its own people than any other nation of Europe. It provided cheaper and better manufactured articles for the world market, in which its success was procuring an increasing tribute of food and goods to raise the standard of life for its people at home. Its workmen worked shorter hours, for higher wages and with cheaper articles to buy with them, than the workmen of any other country in Europe. Its manufacturers and merchants successfully climbed over every Tariff barrier erected against them, sometimes "dumping" their products against the home-made products which were supposed to be "protected" by that Tariff wall, always being able to compete with the goods of an alternative Tariff-bound nation which was endeavouring also to climb that wall.

This system, which had created Britain's prosperity, and which was vital to its continuance, was fiercely attacked, during the twelve years before the war, by the organised Conservative Party. All the old fallacious and slip-shod arguments which had been met and destroyed by the British Economists of eighty years ago, were trotted out as if they were new. The challenge was accepted by the Liberal Party. For more than a decade the economic controversy raged throughout the length and breadth of the land. In three successive General Elections the new Protectionists were smashed to pieces. The right of British

trade to assert its freedom from Government manipulation was secured—as one may hope—for all time. And it was secured by the Liberal Party. At the moment before the war it seemed that Protection was dead. The British exports and imports had mounted to amazing heights. The British mercantile marine—the child of Free Trade—was not only equal in number and efficiency to one or two or ten of that of its trade competitors: it was probably superior to all its trade competitors combined. Four hundred millions worth of goods flowed every year into these islands as tribute from foreign investments, or remained in foreign lands to fructify into fresh adventures of “British Capital.” Everywhere this “British Capital” was building railways, dockyards, sinking mines, breaking up the wilderness, opening up new territories, increasing the wealth of the world. The interest came to Britain not in the form of gold or paper: it came in the form of cheap food, of the raw material for clothes and boots and houses, and all the equipment of a civilisation. New markets were continually being opened. These markets meant an increase in the wealth and purchasing power of their inhabitants. They purchased directly from British industry, which in free competition, and with no aid but that of brains and energy, was able to secure their orders and satisfy their demands. And either through direct or triangular exchange, the profits on these transactions reached these shores, and helped to build up the standard of comfort of the many and the great wealth of the few.

There was indeed a vast amount of preventable poverty, a multitude of workers whose wages brought no adequate return in life; in the countryside a landless labouring class unparalleled in Europe west of Russia, or in any country where the Revolution had brought the land to the peasant. There was an accumulation of harassed, in part inefficient, low-grade life in the great cities, where poverty and unhealthy conditions were breeding a race in which the ordinary individual never had a chance of attaining success in body and mind. There were tragic experiences of unmerited suffering in the periodic cycles of unemployment, and a fear of the coming of that unemployment which harassed all the foreseeing, and especially those of advancing years. But all this belonged to the problem of distribution of wealth within the nation, not to the problem of the accumulation of wealth by the nation as a whole. As a whole, the poverty was less hideous than that in trade-competing countries abroad. The curve of unemployment showed less deep depression and more rapid recovery. The nation was becoming increasingly in active revolt against the loss and reproach of this starved and diminished life within its boundaries; and the forces of Liberalism, in alliance with a Labour Party then small in numbers but conspicuous in enthusiasm and ideal, was attacking the problem with increasing hope of success. The old had been redeemed by pensions, the money for which was fiercely denied by the Tory Party. The young were being specially dealt with by food and medical attendance and improvement of primary and secondary education.

The principle of a "minimum wage" had been established and was actively working in low-paid occupations. National Insurances had been established against sickness and some forms of unemployment. A great agitation had been started for the improvement of the wages of the agricultural labourer and the gift to him of free access to the land. It was quite manifest that, despite the persistent opposition of the vested interests, the coming years were destined to see the united effort of the community occupied in allaying the misery and removing the waste which poverty inevitably brings.

The war has shattered this splendid vision of material progress. A hectic and mainly artificial prosperity has blinded the people to the immense destruction of material wealth that gigantic calamity has inflicted. It is not too much to say that if the results of human energy and effort of these five years of destruction could have been directed to peaceful objects, poverty might have been abolished for ever from this land. A decent house could have been provided for every one. Every one who wanted it might have had a free bit of land. Money might have been expended on the children, which would have enabled them to grow literally into a new race of men and women. The slums of the great cities could have been levelled to the ground and planted with trees and flowers. New garden townships, with fresh air and open spaces, and cheap, rapid transit to working places, might have transformed the whole vision and life of Britain's future.

No State action can replace the determination of man to his own ruin through submission to the 'deadly sins, and it will remain as true to-morrow as yesterday that "The soul that sinneth, it shall die." Yet the no less defiant assertion might have been realised by use of the treasure, and still more precious human lives, now reduced so pitifully to ashes and a little dust: that it shall no more be said that "the fathers have eaten sour grapes and the children's teeth are set on edge."

That vision for the moment has gone. The work of Reconstruction must be undertaken with less consciousness of triumph and perhaps more realisation of the greatness of the way. But that work must still go forward; for Liberalism to-day, as yesterday, refuses to acquiesce in poverty, and especially the form of poverty that transfers from parent to child, and through successive generations, a condition of imprisonment, without for the many any real chance of escape.

And although the loss is enormous, enormous wealth still remains. We have lost a large proportion of our mercantile marine and all of its lonely and unassailable supremacy. We have sold masses of our foreign investments, and no longer draw easy tribute from other men's labours abroad. We are crippled by an enormous debt, the capital of which is held by the few, the interest on which must largely be paid by the many. Above all, nearly a million of the efficient manhood of the nation has gone, each one, at lowest, an efficient wealth-producing machine; leaving an altogether

disproportionate amount of young and old, inefficient, unadventurous and crippled lives.

These facts, driving the people upon the bedrock consideration of national survival, must inevitably make more insistent the demand for reconstruction of the social order.

Freedom of trade must be maintained. Before the war it may have been regarded as a luxury. To-day it stands as a necessity. Britain cannot now afford, for any such problematical advantage as the economic unity of Empire, to make herself poorer. However harmless and small appear the attacks on that freedom—Imperial “Preferences” demonstrated as almost negligible by their supporters, though hailed also by these same supporters as the triumph of a great cause, or “Anti-Dumping Bills,” which put the question of what British traders shall or shall not buy in the hands of Government Committees—these and similar attempts to nibble away at this freedom will be resisted as strongly by the New Liberalism as by the old. It may be—though most of us have faith otherwise—that the outpouring of five million men, with the loss of a sixth of them and the maiming of many more, will be reckoned in history as Britain’s Sicilian Expedition, and the fall of England’s prosperity dated from the one as the fall of the prosperity of Athens from the other. But if Britain is to survive, we know that this is the only way of survival; that its alternative leads to irrevocable ruin.

There must be immediate effort to reduce the inequality of fortune, whose flagrant contrast is

the parent of revolution, and whose manifestation in luxurious and outrageous expenditure is a symptom, not of health, but of disease. The wealth and the war-wealth of this country must furnish substantial contributions to righting a financial situation, if not, as in other countries, desperate, at least, menacing. It is in the name less of an abstract demand for "equality," than for the abolition of conditions which are an hourly danger to the peaceful progress of Society, that the New Liberalism demands a "ransom" from great accumulation to meet the necessities of the time.

And the campaign for the control of monopoly, and its utilisation in the service of the whole community, has received an additional stimulus from the revelations of the war and the sacrifices made. "That man sees his many furrows ripen. This one will possess only the six foot of earth lent to his tomb by his native land. Now with how many ears of corn can six foot of earth supply a dead man?" The challenge of Chateaubriand a hundred years ago becomes intensified by the fact that of those who have fought, the majority have returned without one yard of English ground to call their own. The query once resounded throughout the length and breadth of the country like a trumpet cry, "Who ordained that a few should have the land of Britain as a perquisite? who made ten thousand people owners of the soil and the rest of us trespassers on the land of our birth?" "Who is responsible for the scheme of things whereby one man is engaged through life in grinding toil to win a bare subsistence for himself, and another

man who does not toil receives every hour of the night while he slumbers more than his poor neighbour receives in a whole year of toil?" Here is a question whose answer must be given, if by other voices and amid the silence of a leader who has passed to other interests. But it is a question the answer to which has been made more imperative daily by the war and the changes which the war has brought to the material condition and spiritual outlook of humanity.

And, above all, the problem of poverty has become more, and not less, pressing by the fact that it is now to be attacked in a nation to-day substantially poorer than five years ago. For it is now less an appeal to compassion than a demand for conditions of national survival. We cannot afford to enjoy the luxury of the support of the poor. Poverty must be removed, not only for the welfare of those who suffer from it, but because its survival is almost as much waste as the extravagance of individual squanderings. That poverty will not be destroyed by revolution, nor by the diminution of "Capital," nor by the abolition of "Capitalism" (whatever that may mean), nor by the removal of incentive towards unusual effort; any more than it will be destroyed by a class which is determined to make no real sacrifices of possession, privilege or monopoly in the interest of even such an imperative demand. The heart of that effort must be supplied by the New Liberalism. For this New Liberalism refuses, on the one hand, revolutionary schemes, or schemes which, by making a forced equality, might cause an admir-

able division of a National Income which had, in the meantime, vanished. On the other, it is indifferent to the cry of those with great possessions that they are being plundered of their legitimate goods and that they have a right to refuse the wealth that is needed for a fresh start in human progress. The war against poverty which alone can allay social unrest requires two changes—a greater effort at Production, a fairer method of Distribution. But Toryism resists the latter. Socialism offers no hope of ensuring the former. Liberalism believes that it has the secret of both. It is willing to undertake the task, in co-operation with all men of good will. I cannot see it successfully undertaken elsewhere.

*Our enemies have fall'n, but this shall grow  
A night of Summer from the heat, a breadth  
Of Autumn, dropping fruits of power : and roll'd  
With music in the growing breeze of time,  
The tops shall strike from star to star, the fangs  
Shall move the stony bases of the world.*

TENNYSON.

## CHAPTER III

### NEW LIBERALISM AND FOREIGN AFFAIRS

THREE "internationals" existed in Europe before the crash came which destroyed it. Each of them thought itself strong enough to maintain the peace of the world. Each of them collapsed in a moment of madness, which in ten days started the greatest destruction of man by man that probably the world has ever seen. Tamberlaine's million skulls can be paralleled in one small corner of the conflagration, in Asiatic Turkey. And the end is not yet.

These three were, the Combination of international finance; the Black International of the Catholic Church which had brought Bismarck to Canossa; and the Red International of Socialism, which was not confined to Catholic countries only, but extended its operations into every one of the belligerent States. Each of them commanded immense support, both within the Governments and Parliaments of the nations and outside them.

The Centre and the Socialists overwhelmingly dominated the German Reichstag. Finance was powerful in Paris and London. So were the Socialist and Labour Parties. These were not idealists, crying from the mountain-tops or in the wilderness. They were seemingly all-powerful in the world of *real politik*. If the Church, the Socialists and the Financiers fought together against a policy, that policy, one would have thought, would have had no chance of success.

All these three hated and despised Liberalism; and Liberalism (on the continent) waged war against them all. In Britain, with no anti-clerical party, and Socialism academic only, a Liberal Party still dominated. It was actively working for Peace. It maintained Free Exchange in goods as an instrument of understanding. It believed Peace to be the supreme interest not only of the British nation and Empire, but of the whole world. But in Europe, Liberalism had been crushed between the upper and nether millstones of privilege and revolt. And for lack of Liberalism, Europe perished in a few hours only. Those strong cables which moored the vessel in apparent security, snapped as suddenly as if they were threads of silk. The ship drifted helplessly on the rocks, and was battered to pieces by the storm.

International finance—largely the monopoly of a clever international race—has been attacked from time to time as a menace to the freedom of the peoples over which it extends its sway. Nevertheless, none can doubt that it desired above all things peace, and that at the end it worked fran-

tically to ensue it. Only those who were members of the Governments of the nations affected by the decision of the terrible days can realise how great that effort was. It was mainly directed to influencing the Ministers of Finance. And in some Governments, at least, it influenced those Ministers into demanding peace at almost any price. Visions were excited of the immediate consequence of the world war. The complete breaking down of the Exchange and the collapse of international Credit would prevent the movement of food and all the necessities of life. It was asserted in England, for example, that within a fortnight every factory and workshop in the north would be closed, and that vast crowds of desperate men and women would be fighting in the gutter for the six weeks' supply which alone we possessed here. The same fears were stimulated in all the political centres of Europe. They were brushed aside like the midge and the gnat by the suddenly inflamed forces which made war.

The "Black International" was supposed to transcend the boundaries of nations. It lived in the great traditions of a once almost omnipotent Court of international arbitration and judgment. The coming of the war swept it away as if it had never been. Catholic armies invaded Catholic countries, there to plunder, murder and destroy. Both sides appealed to the God of Battles, each in confidence of the righteousness of its cause. There was not a single Cardinal or high dignitary of the Church in Germany and Austria who was not convinced that God was with their armies. There

was no priest in Belgium, France or Italy who, in praying that God would defend the right, did not sincerely believe that the granting of such a petition would mean complete victory for the Allies. The Centre of that "international" could only look on, waving ineffective hands and offering advice which was roughly brushed aside by all.

And what of the "Red International" which despised so completely these other two, and had proclaimed so bravely that its organisation of workers would prevent man murdering man? Its collapse, at the day of trial, was as complete as the others, and even more ignominious. The Socialists in Germany, who had fought the Emperor and ruling caste almost up to the threat of civil war, immediately fell in behind them, and voted all the money needed for the war's beginning. The Pacifists in France, many of whom had suffered persecution and imprisonment for opposing Conscription and advocating international friendship, threw themselves almost unanimously into the national struggle, and the Left vied with the Centre and Right in incitements to national resistance. In every country outside Russia, Socialists and Pacifists and Labour leaders and Internationalists entered into "Coalition Governments" to unite all classes in common advocacy of national war. The few who remained aloof, or raised any cry for peace as the war continued its inexorable march to ruin, only served to emphasise, by their loneliness, their estrangement from the mass of their former comrades.

In the numbness and silence of exhaustion which has followed the cessation of war in Western Europe, this fact at last emerges—that no international creation of links limited to wealth, to class, or to creed, will ever be effective to preserve humanity from committing suicide. And in that silence, the voice of Liberalism has suddenly become vocal—still and small, but strong, because the only rational sound in a universe which has been stunned by the tempest, the earthquake and the fire. Its voice demands no such international apparatus, outside the nations, and no immediate attempt to form an international State. It demands a League of all the Nations, to prevent all future universal wars.

It is the corner-stone and foundation of Liberalism on this planet. It offers the only possibility that not only Liberalism, but humanity itself can survive. Without it, all the efforts within a nation for the abolishing of poverty, the maintenance of freedom, or the achievement of better conditions for the future, appear as efforts of a child to construct castles upon the tidal sand. Man will again heap up material possessions. Civilisation will become more elaborate and refined. The memories of past war will be forgotten, or the suffering only recalled as a story of heroism rather than a record of pain. Scientific concentration will effect ever more elaborate and complicated methods of suddenly destroying, not battalions or armies, but whole cities and territories. Material progress will again exceed moral advance. One day, some sane men, become suddenly mad, will challenge, on a

trivial issue, madmen hitherto regarded as sane. Humanity will perish as effectively as humanity perished in the vast cold of the glacial epoch. The few survivors in the huge ruin of a "once splendid civilisation may or may not retain courage to attempt to build up life anew. The appeal for the League of Nations is as Pascal's famous appeal for affirmation of the existence of God. For in such a "wager with life," if you stake wrongly for, you lose nothing, and if you stake rightly, you may save the world.

Only the League of Nations can avert this calamity. There is literally no other hope for the world. The germ has been left in the Covenant of the Treaty of Versailles. That Treaty is already condemned as the product of ignorance, folly and fear. No power on earth can make it endure, or save it from the bitter judgment of the future. It is for Liberalism to see that, in its deliquesce and mortification which has already begun, the Covenant of the League is preserved. This Covenant appears indeed in desperate condition. The present rulers of the world are as contemptuous and indifferent to it as were the rulers of the world to the new faith of humanity when Christ came. The nation which might have been the strongest force for that seed's expansion, possessing the greatest reserve alike of material force and moral idealism, has repudiated the work done in its name by its representative, and appears likely to stand aside altogether, indifferent to its fate. And this indifference seems largely due to disgust at the fact that the League is supposed to guarantee the

conditions laid down by the Treaty, which in themselves are a denial of the ideas for which a disinterested America entered the war. Amongst those that remain after America's withdrawal, "real policy" has frankly and almost insolently repudiated all association with the principles that underlie the League. And in what is actually a fierce struggle for booty under the guise of a friendly Alliance, "Big Threes" or "Big Twos," scornful of the opinion of smaller nations, Allies or neutrals, and secure in the possession of the only force available, struggle with every device of trickery and intrigue, each to gain some advantage over the other. Politics in Europe have become nakedly the policy of the wolf-pack; wars continue to torment its people, and disease and hunger stalk unchallenged through cities and kingdoms. The victory in arms of one half Europe seems likely to be toppled over by the vanquished, using, not the dominance of force, but the infection of despair: in the progress from a war which one body of nations seemed to have won, to a peace which all the nations seem to have lost.

The League, and again the League, and always the League; in this may be summed up the foreign policy of the New Liberalism. The universal lip-service rendered to the ideal when Europe was just emerging from the bloody smoke of war, has passed into a stage where indifference has replaced adulation, and no man is any longer afraid to declare that the League is dead. And if anything could kill such a League, which only survives

because its existence is essential to humanity, it would be the extraordinarily hampering nature of the Covenant of its foundation, the scarcely veiled contempt for it amongst the leaders of those great nations which still possess power, and the moral chaos into which Europe has fallen since the Armistice. And indeed little remains but a Secretariat of able Civil Servants, an uncertain habitation at Geneva or elsewhere, a mansion in Mayfair, and an undistinguished body of diplomats which meets at intervals to register events which have passed out of its control, or with which it was never capable of grappling. The "Mandate" for Armenia—the only challenge to civilisation for the vindication of justice and compassion without opportunity of spoil—is tossed to it contemptuously by Governments each of which have their eyes fixed on booty rather than humanity, none of whom offer to furnish the League with a farthing of money, or even the threat of an international force without which the offer becomes a sham. The "Mandates" are allotted by the Supreme Council of the Victors, and the work of exploitation has already begun, in many cases in violation of the definite provisions of the Covenant, and before any such Mandates have been confirmed or denied. Some members of the League themselves embark on sudden, predatory wars in open defiance of every condition which they have accepted in such membership. And the other members of the League, while furnishing such law-breakers with free supplies of ammunition, refuse either to censure, to advise or to control. So, in lack of such organised expres-

sion of the common conscience of mankind, Europe plunges ever deeper into the abyss of destruction; war breeding famine, and famine pestilence amongst whole nations bankrupt of credit and guidance, to whom Revolution or Repudiation seem the only alternatives. The main argument for the League is the impossibility of civilisation's survival without it; emphasised as the so-called "statesmanship" of Allies glaring one against the other in mutual distrust reveals the possibilities of future disturbance.

Liberalism lives in the faith that these statesmen and their policies are ephemeral only, the unhappy product of five years' unbalance of civilised mankind, and of the weariness which succeeds inhuman effort. The hungry heart of man for some certainty of the future, and the removal of the menace of a place of torment more intolerable than that region of fire and ashes through which he has recently journeyed, will ensure that "with, without or against the existing power," the recognition of the unity of the race, and its combined effort against self-destruction, shall find tangible realisation in the League of all Nations.

And this League is the direct expression of a Liberalism which has sometimes perplexed its critics by the maintenance of two principles, which seem to these critics incompatible. Liberalism has been reproached for its nationalism, and for its internationalism. Many of its leaders have been attacked as the friends of every country but their own. The advocates of Free Trade especially,

the great figures of Cobden and Bright, were assailed for putting the interests of members of other nations on a level with the interests of the British nation; owning no allegiance, paying no peculiar respect, to the country of their birth and upbringing. The charge was, of course, a ridiculous one. No more typical English figures—none at least with more passionate desire to right the wrongs of English folk and bring justice into the laws of “little England”—ever appeared in British political history. If they advocated Free Trade as a means of international understanding, and determined to exhaust the last possibility of concession before accepting the foul arbitrament of war, this was as much because of the havoc and ruin which such war would bring to this country, as to any fear of similar destruction outside. But it is true to say that there has been a stream of Liberalism always moving towards the acceptance of an International Mind—towards the breakdown of national barriers, the spread of common ideas, the working towards a time when the recognition of resemblance and common difficulty will unite in closer union those diverse peoples whom God has made of one blood. But, on the other hand, Liberalism has stood perhaps more stubbornly for a defiant recognition of Nationalism, for the protection of national rights and national determinations, for the free development, amongst a diverse body of nations, of a variegated world. This triumph of national recognition will always be associated with the great name of Gladstone. For it was while he was leading the Liberal Party in

the days of its glory and its pride, that British Liberalism appeared as the friend of all small and weak nations, and evoked their passionate gratitude. In the name of Nationalism, Liberalism restored the Ionian Isles to Greece, freedom to the Transvaal; created, in so far as was possible after the iniquities of the Berlin Treaty, the new Eastern nations emerging from the flood of the Turkish invasion; forbade the invasion of Belgium in 1870 by either combatant, except at the price of war with Britain; attempted, in the effort for the liberation of Ireland, to ensure that England herself should practise what she so generously preached to others. At the end of this great period of liberation, Imperialism replaced Internationalism on the one hand, and Nationalism on the other. And in consequence Europe was amazed to see Britain, in violation of its profession, destroying two free republics in South Africa, ruling Ireland as a conquered land, repudiating obligations in the near East which we had guaranteed to fulfil, and amongst the European Christian populations of Turkey which we ourselves had flung back under Turkish misrule. The disease burnt itself out, and Liberalism, once more dominant, effected in the face of the world the great South African Settlement. But these two strands of opinion still remain; and it is the conviction of Liberalism, old and new, that only by the acceptance of both can the world be saved. An international union of great powers attempting to crush out the life of separate nations, even in the alleged interests of peace, is as repugnant to the new Liberalism as a

world of jarring, separate, suspicious nationalities, peering at each other from behind high Tariff walls, each refusing to trade with the other lest the other should benefit; each arming itself to the teeth, partly impelled by the instinct of greed, partly of fear; with diplomats accepted as "clever" in so far as each can trick the other out of some supposed advantage; and all greedily contending for the overlordship of a less civilised or less aggressive region outside.

From such a nightmare of human "progress" the New Liberalism turns to a League which shall be a voluntary Union of States, in which and through which may be continuous growth in friendliness, understanding, co-operation, and the removal of impediments to peace. Such a Union will stand for an international justice amongst nations, as the judiciary of any single people stands for justice among its citizens as an alternative to vendetta and wild revenge. But it will as completely recognise the right of self-determination and self-development of the separate national life of each State upon lines agreeable to its people in unimpeded Liberty, as, in the world of internal organisation of each State itself, the Liberal ideal recognises above all things individual self-development, against any attempt to impose a common, rigorous standard, however excellent, upon all.

For this attainment, two policies are necessary. The first is the deliberate upholding of the banner of the League, not in passive acceptance, but in passionate determination that the thing shall come

into being, here amongst the distrustful nations, and over the ruins of a dying order. The second is that Britain shall once more reassert that moral disinterestedness which in the past, more than all the splendour of great possessions, had given her ascendancy in the councils of the world. Liberalism has always been bringing back this people to the recognition of moral judgment in human affairs, from the policy of a mere scramble and combat for material advantage. And after each successive period of heathen worship, the people has always returned to the allegiance of the God of Justice. This was so in the great combat of a lifetime between Gladstone and Disraeli, with, at the end, the Queen intervening on behalf of the latter. What fury was excited by the reference of the Alabama claim to arbitration, with the consequent mulcting of this country of five millions, as an alternative to the assertion of our "rights" in war with America ! What contempt at the "surrender" after Majuba ! What disgust at the supposed sacrifice of "British interests" in concern for the life and happiness of obscure Eastern Christians ! Here was Gladstone appealing alone, stirred from his retirement by the call to right a great wrong, and with even the wise men of his party in the London clubs openly lamenting that he was mad, or at least ruining that party for all time. Salisbury "seems most prejudiced"—so runs the correspondence between Disraeli and the Queen—"and not to be aware that his principal object in being sent to Constantinople is to keep the Russians out of Turkey, not to create an ideal existence

for Turkish Christians." Mr. Gladstone has described the sentiments which moved him on his arrival from Hawarden with the manuscript of the first pamphlet on the Bulgarian atrocities in his pocket, and his drive through the streets of the sleeping city. "On Monday morning last, between four and five o'clock, I was rattling down from Euston station through the calm and silent streets of London, when there was not a footfall to disturb them. Every house looked so still, that it might well have been a receptacle of the dead. But as I came through those long lines of streets, I felt it to be an inspiring and a noble thought that in every one of these houses there were intelligent human beings, my fellow-countrymen, who when they woke would give many of their earliest thoughts, aye, and some of their most energetic actions, to the terrors and sufferings of Bulgaria." There spoke the authentic voice of Liberalism. Toryism, on the other side, was no less vocal. "This mawkish sentimentality," the Queen was writing to Disraeli, "for people who hardly deserve the name of real Christians, as if they were more God's creatures and our fellow-creatures than every other nation abroad, and forgetting the great interests of this country, is really incomprehensible." So the Tory Prime Minister went over to bring back "Peace with Honour" from Berlin. When Bismarck asked about Cyprus, "he said," reports Disraeli, "you have done a wise thing. This is progress. It will be popular; a nation likes progress! His idea of progress was evidently seizing something. He said he looked upon our relinquish-

ments of the Ionian Islands as the first sign of our decadence. Cyprus put us all right again." The spirit of the "progress" of that thieves' kitchen at Berlin is the spirit against which Liberalism, new or old, is eternally at war. Cyprus was annexed. A Peace was arranged which carried as its inevitable consequence the great war of 1914, which arose directly out of the "Settlement" of that Treaty. Disraeli returned in triumph, and Mr. Gladstone's windows were broken by the mob.

But the vindication of Liberalism—and of Democracy—was never more strikingly shown than when, a few months afterwards, on a purely impersonal and moral appeal, with no question of increased wages or better conditions, the working classes of Britain swept away the engineers of this "progress," and returned as practical Dictator of Parliament, by an overwhelming majority, the "inspired madman" who had been deserted by even his own followers, because of his assertion of moral issues in the affairs of men. "It is not so much a reaction towards Liberalism," wrote Mr. Bryce to Mrs. Gladstone of East London voters in 1880. "It is what strikes one as better and finer even than political earnestness. It is loyalty and gratitude to a character and career which are their highest political ideal."

No trace of such assertion of moral and disinterested ideals seems to illuminate British policy in the post-war settlement to-day. It is a game of grab, and we hail our representatives as successful when our grab has been the greatest. We have

killed, and we have taken possession. Our idea of "progress," as that of Bismarck, is "evidently seizing something," and a "thieves' kitchen" of Versailles may appear still more murky forty years after, than the "thieves' kitchen" of Berlin. We lecture our Allies because they have not been so successful in the grabbing as ourselves, and explain that they should make sacrifices for the peace of the world. We seek our eager percentage of an indemnity which Germany will never pay. We have destroyed the German Fleet, and maintain our own. We are indignant with France for continued fear of a menace which we ourselves have removed from our own shores. We accept as Mandatory Power territories given, not by the League, but by the Council of Allies—not by right, but by force—the plums of the territorial booty; seizing Mosul for its oil, rejecting Armenia because there the obligation is only of honour. No disinterested or generous gesture to our late enemies, to our Allies, to the neutral world, illuminates this squalid record. We fought the Russian Revolution when we thought it was weak, and that trade was unprofitable. We sought peace with it when we found it was strong, and when we hoped that trade would be profitable. In no similar period had Liberalism more cause for despair than in the long wranglings and recriminations, without even lip-service given to any Liberal principles, which occupied the first two years of peace.

The story is hateful in the present, and will be sweepingly condemned by the future. It was not for this craftiness and agility in the division of

plunder that England gave five years of joyful life, and a million unforgotten dead.

And New Liberalism, in condemnation of the whole spirit and temper of this ignoble interlude, can find in past Liberal foreign policy an inspiration towards an alternative ideal.

*He divined that laws should be adapted to those who have the heaviest stake in the country, those to whom misgovernment means, not mortified pride, or stinted luxury, but want and pain and degradation, and risk to their own lives and to their children's souls.*—LORD ACTON on Gladstone.

## CHAPTER IV

### NEW LIBERALISM AND FINANCE

FINANCE, after foreign relations, is the most important item in the work of government. On the control of expenditure and just methods of the collection of revenue depend the welfare of nations. The history of all nations is concerned in the main with the struggle of King or central Government to raise money for foreign wars or domestic extravagances, and the struggle of the people to resist such imposts. Sometimes the money is given at the price of the redress of popular grievances. Sometimes it is raised by taxes which hamper trade, thus killing the source of future revenue, or by heavy burdens bound upon the shoulders of the poor, while the rich escape lightly. All national bankruptcies lead to revolution, and most revolutions in England, in France, in Russia, are preceded by, and are the children of, national bankruptcy. The memories of good kings or bad, administrations which evoke from the future historian praise or blame, are almost entirely dependent upon their method of dealing with the public purse.

Liberal finance has no need to seek for new principles in a post-war world. It has high traditions, maintained throughout generations in

which wars have been dangerous but transitory episodes. And it is only by the application of these principles to the desperate financial situation caused by the five years of destruction and reckless expenditure, that prosperity can return to depressed classes, or be retained among the mass of the people.

Its principles have been clear and definite. First it has desired to extort from private persons as little as possible compatible with the due ordering of Government, the defence of the realm, and the active effort for the removal of poverty. This is its historic policy of "Retrenchment." It has thus always opposed wars and foreign adventures, the maintenance of immense armaments, which become obsolete and useless every decade, and all methods by which money which might have gone to develop fresh industry or created a wider comfort, has been extracted from the people in order to be squandered in unproductive waste.

It has always carried its policy also into the detail of Government expenditure. It has been vigilant in repressing waste everywhere. It suppresses sinecures. It enforces economy. It has to reject often not one of two things, one bad and one good, but one of two things, both good. It recognises its duty often to refuse a good, just as a private household with limited means is compelled to choose between a variety of desirable things, and cannot have them all. It is said that Mr. Gladstone's keen survey used to extend to the waste of envelopes, the cheapness of pens, and the excessive use of blotting-paper amongst the

clerks in the Government service. He regarded himself as trustee for the public; and every penny wasted of other people's money as a reproach to those who tolerated it.

At the same time the Liberal principle has always included a readiness for wise use of Government money for the healing of the ills of the nation. It regards such use less as an expenditure than as an investment, destined to bring rich gain to the State in future generations. Thus it was a Liberal Government which started a great scheme of compulsory and national education. It reckoned upon the creation of a new obligation, running into tens of millions. But it believed that such a sowing in the present would mean rich harvest in the future, and that (at the lowest) a fully educated race of citizens could alone hold their own in the competition with fully educated citizens elsewhere. And it was Liberalism that added the cost of Old Age Pensions to the National Budget in an effort to redeem a whole class of the community from misery and disgrace; Liberalism which financed schemes of national unemployment and sickness insurance; Liberalism which has spent public money in slum clearances, in attempts at Land Settlement, and in food and medical attention for the children who are sick and hungry. A Liberalism which turned its back on such a policy as this, on the plea of national indebtedness, or too heavy public exactions from the fortunes of rich men, is a Liberalism which would be rejected, and rightly, by the conscience and the common sense of society.

So much for national expenditure. What of

national income? The first Liberal principle, magnificently vindicated in the past against strong and violent opposition, is that the burden shall be borne by the shoulders best able to bear it. It has asserted the principle of taxing the wealthy, not only in proportion to their wealth, but in graduated proportion to their wealth; so that they shall pay to the State, which alone preserves their riches in security, a continuously increasing proportion of their aggregate capital and income. Its efforts throughout a century have been to "untax" the poor, by abolition of Corn Taxes, of Window Taxes, of taxes on knowledge, of taxes on tea and sugar and all the necessities of life. For it knows that whereas in the first case the exaction can be at worst but an annoyance, in the second it may be often a calamity. It recognises the force of the contention that in a democracy where every single citizen has a vote with power of deciding policy, every citizen should bear some financial responsibility for the consequences of that policy. But it finds that argument overridden by the more cogent plea that where you are mulcting the income upon a Poverty which has no margin left for payment, you are both inflicting suffering and promoting inefficiency. You are indulging in the luxury of a perpetuated poverty for the sake of the fulfilment of an agreeable proposition. But Liberalism is looking to, and working for a time when the whole people shall be raised above that margin of subsistence. And it is entirely willing that, once above that margin, all those who call the tune shall pay the piper.

The second Liberal principle is that taxes, as far as is possible, shall be raised in such a method as not to hamper trade. For trade is the life-blood of Britain. Without our extraordinary commerce with all nations, our shipping, our financial and industrial expansion which accompanies such commerce and shipping, this ancient and prosperous kingdom would become a mere battleground of classes and individuals, struggling in the darkness for an ever-decreasing supply of the necessities of life. Part of wealth is live "capital," which is continually being utilised in promotion of fresh enterprises, building factories and ships, constructing docks and railways, opening new sources of supply at home, throughout British Dominions and the whole world. Liberal finance is desirous of interfering as little as possible with such enterprise. But the other part is not capital, but dead wealth—wealth drawn from industry and enterprise by idleness, given a natural or man-made power to suck up a proportion of such gain; spent in fireworks and luxury and display, rather than in the creation of fresh enterprise. It is such wealth that Liberalism has always reckoned as the most appropriate subject of taxation.

And the third Liberal principle is that monopoly, natural or artificial, is the legitimate subject of taxation. And this whether it takes the form of the monopoly in town lands, which heap up huge fortunes created by the industry and enterprise of cities upon the limited region of their only possible expansion, owned by persons who have done nothing to assist in such development; or

whether it is the system whereby certain persons are given concessions of immense value, such as the right to sell alcoholic drink in certain districts, with the guarantee of the State to maintain that value by the crushing out of all competition against them. The policy of the bestowal of such an artificial monopoly may be called in question; but of the justice of the taking by the State of the value given to such a monopoly by its artificial maintenance, there can be no question at all.

And so to Liberalism or to Liberal support we owe all that great series of financial reforms which, more than any other legislation, has been the cause of averting revolution, and raising the people from their intolerable condition of a century ago to the hopeful and, in the main, prosperous condition of the bulk of them before the calamity of war. The comparison of Manchester in 1845, when the report of Engels of an intolerable squalor was the driving force behind Karl Marx's Socialism, with the Manchester of 1914, would show what immense progress had been already achieved, what immense hopes men may cherish for the development of the unseen time. To that continuous upward movement the war has given a shock from which many generations will not completely recover. But the Liberal principles of finance, hitherto dominant, provide the only method of recovery; and the acceptance, by willingness or by compulsion, of greater sacrifice and even "a new way of life" amongst those whom the war has left with great possessions, or to whom

it has even brought unexpected fortune, offers the only alternative to courses of violence and despair.

The war has not left this a richer country. It, has left it substantially a poorer country. Some still maintain that the war must have paid its way year by year in an immediate production which was necessary for an immediate expenditure; and that the increased effort, largely through the new machinery and the work of women, has compensated for the losses sustained. They point to a nominal vast increase of paper wealth, to the evidence of improved living and luxury among all classes, and to the enormous fortunes made by or during the war. Such facts are indeed real and relevant to schemes for raising money for national purposes. But they neglect the losses sustained. The National Debt has advanced from a few hundred millions to nearly £8,000 millions—an appalling increase, which requires as a first charge upon the national revenue payment in interest alone of something over £350 millions a year. It is true that the bulk of this debt is held by persons living within these islands, and therefore could be cancelled by paper transactions without a decrease by a penny of the total wealth of the nation; but we owe some £1200 millions to America and other countries, the interest of which, together with the eventual capital repayment, has to go across the Atlantic in the form of services or commodities. This is essentially tribute on British labour and capital to be paid to another nation. We have sold nearly half of our securities invested abroad.

in order to pay for war stores and munitions, and in consequence have sacrificed nearly half of the tribute which we obtain from these foreign countries in the form of food and raw materials. We have sold the great bulk of the gold, for similar payments, which formerly provided us with a gold currency and was itself a capital asset of intrinsic value. And we have replaced that gold by a paper currency which has no intrinsic value at all, and which, by its enormous inflation over the old currency standard, is in part responsible for those high prices which are the fruitful cause of social unrest. We have, as I write, some £1,200 millions of unfunded debt, provision for which has to be made by continued borrowing for short periods on Treasury Bills at extravagant rates of interest, or by Ways and Means advances from the Bank of England. There are no assets either of capital or income to set against this enormous floating debt. It is borrowing against hypothetical assets of the future, and therefore, in the strict sense of the word, inflation, and therefore again, responsible for the high prices as effectively as if its amount was added to the cost of production of all commodities. We have, indeed, some phantom credits to set on the other side of the account—enormous sums owing us from all our Allies in the war, especially from France, Italy and Russia—but he would be a bold man who would put a definite figure within any reasonable time for the capital repayment of these.

Attempts to estimate the amount of that loss are of necessity not much more than intelligent

speculations. The most optimistic I have seen, that of Mr. Crammond,<sup>1</sup> places it at about 12·7 per cent. of the total wealth of the United Kingdom. He derived this figure from the capitalised value of War Pensions (£1,200 odd millions), moneys borrowed abroad (£1,300 millions), sale of foreign investments (£1,000 millions), losses of shipping, suspension of renewals, etc. (over £1,600 millions), making a total of some £5,200 millions. Against this he sets: (1) erection and equipment of new plant, etc.; (2) loans to Allies and Dominions; (3) value of assets received from Germany and of territories taken over under the Peace Treaty. Estimating these at about £2,000 millions, he is left with a net loss of £3,500 millions on a post-war value of total national assets £27,500 millions.

I think this debit account under, and his credit over-estimated. I believe that sale of foreign investments to be nearer £2,000 than £1,000 millions. He adds nothing for the gold which has gone abroad and been replaced by a paper currency. Nor does he take into account foreign investments which have been rendered valueless by the destruction of Europe in Russia, Austria, Rumania, Turkey, etc. He is sanguine in estimating much from repayment of loans by Allies. And it is absurd to put into the account territories taken over from Germany. These are liabilities rather than assets; and even if they become paying propositions, it would be impossible, and indeed alien to every tradition of the British Empire, that we should

<sup>1</sup> "The Real Cost of the War," a paper read before the Bankers' Institute, June 1920.

draw tribute from them to benefit the people of Britain.

But above all he fails to estimate the immense loss caused by the destruction of 800,000 wage-earners, in the morning or midday of efficient adult life, and the rendering partially useless of a similar number. The capitalised value of the annual effort of trained, skilled men must run to many thousands of millions. And that has gone beyond recovery.

So far the actual balance-sheet, and so far in the eyes of those who look beyond the limits of the day, the insistent demand for ruthless retrenchment as the only alternative to ruin. Great and little wars against Russia, in the Near East, against Ireland, are luxuries, whether desirable or undesirable, in which literally we cannot afford to indulge. Inflation; a recklessness born of war, which expends wildly, careless of the future; and the demands of emptied world markets in lack of competition for our trade products, conceal for the many the dangers of the situation. But the nature of the exchanges as I write, almost everywhere outside Europe heavily against us, shows that even to-day we are sucking in more food and goods than we are able to pay for by the goods which we return. And the breakdown of the triangular exchange which Europe formerly provided, and the fact that nearly all the European exchanges are enormously in our favour as a purchasing nation, is merely a sign not of the prosperity of Britain, but of the impending bankruptcy of Europe. Until European and British production is restored

and increased, and with it the international apparatus for the exchange of commodities remade, civilisation is balancing on the knife-edge of catastrophe.

In this country, however, it may be said that the feature of the change effected is perhaps less the loss than the redistribution of wealth. It is a redistribution in part capricious, in part brutal, in its action. It has elevated individuals of no particular merit into a whole class of the New Rich. It has driven deserving sections of society against whom no crime can be urged into whole classes of the New Poor. It has deprived from the opportunity of wealth, or even increase in modest fortune, all those millions of young, efficient citizens who for five years were serving the nation at the imminent risk of their lives, and for no pecuniary reward. It has given to those who stayed at home with the defence of ill-health or the excuse of indispensable public service the opportunity of acquiring wealth which was denied to the actual combatants. It has advantaged the old at the expense of the young. It has benefited those who possess, to the detriment of those who desire to create, wealth. It has effected such a change and overturn of former financial standards as could never have been produced by the legislative action of any Government in peace, within a similar period of time, without actual and bloody revolution. The New Liberalism, therefore, in applying its historic financial principles to the righting of the present financial revolution, must always bear in mind the injustices of that revolution ; must, that is to say, as far as is

possible, right the wrongs of the war. It must seek to obtain money, in paying off the debt, from the old rather than the young, from the possessors rather than the creators of wealth, less from those who fought than from those who stayed at home. It must scrupulously refrain from increasing the burdens of the New Poor, and if possible relieve them of the torments of their present condition. And while refusing to hack or hew at the standard of life, now for the first time achieved by great masses of the working peoples, which even with reduced prices would represent little more than Liberalism desired to achieve before the war came, it must set itself, by every legitimate financial instrument in its power, to reduce those prices to something nearer the tolerable standard of pre-war days.

The problems before Liberal finance, therefore, are: first, measures for the immediate reduction of the National Debt, especially that portion of it which is strictly inflation; second, measures for the reduction of the enormous annual expenditure which has swollen the National Budget, quite apart from interest on debt, to between three or four times its pre-war dimensions; and third, measures for the readjustment of taxations still required in increased quantity after all retrenchments are made, so that it shall be borne by those best able to bear it, and effect as little injury as possible upon the operations of commerce and trade.

The necessity of an immediate and substantial reduction of the National Debt must be apparent

to all. This debt causes an immense tax to be laid upon the nation of some £350 millions of annual payment for interest alone, apart from any sinking fund for Capital reduction. It depresses credit of Government and all other securities, and has contributed to thrust up the rate of what was once the most secure investment in the world, and the one consequently carrying the lowest rate of interest, from the old  $2\frac{1}{2}$  per cent. of twenty years ago to the 6 and 7 per cent. of to-day. It is a substantial factor in the maintenance of high prices. Any rational or even heroic effort to reduce the vast incubus would have a resonant effect on British credit and financial reputation throughout the world.

Moreover it has been borrowed at a time of high prices, when the labour equivalent of such paper indebtedness is at its lowest. We may confidently expect, during the next few decades, the increase of production which will accompany the work of restoration, producing a steady diminution of prices, in the same process that was operative before the war. If that be so, the owners of the debt, if payment be delayed, will be receiving in actual labour value on repayment an amount continually increasing over that pledged to them by the original borrowings. If, for example, we delayed repayment until prices were halved, we should actually be repaying our debtors double the amount we had borrowed from them.

To effect this immediate and substantial reduction, only one machinery is available. That is what has been popularly, but most unfortunately,

termed a "Capital Levy." It is really a levy on all wealth, whether that wealth be used as Capital or not: wealth locked up in the form of legal tribute known as "rent," and wealth which is potential capital in the sense that it consists of stuff which is exchangeable here or abroad for liquid capital—jewels and gold, artistic collections valuable or deemed to be valuable by would-be purchasers, shares in companies operating abroad. And that wealth would include the money invested in the war-debt itself, which, though available for security in advances from banks, etc., and largely used for that purpose, is, as a matter of fact, in the estimate of the aggregate wealth of the nation, no real asset at all.

There are those who advocate a graduated levy on all the wealth of the nation, with the exception of the small savings whose existence is due to personal thrift and sacrifice. There are those who, while accepting the principle, would confine the levy to the wealth accumulated during the war. They appeal to the moral conscience of a nation which, while accepting or conscripting the service of seven million of its citizens for battle and risk of death, permitted the remainder who stayed at home to accumulate great fortunes. They believe that justice, as well as economic necessity, demands that these persons should relieve the pressure on the nation and on the returning soldier, by making substantial contributions to the cost of the war. And there are those who, following the example of other debt-burdened countries abroad, would combine both these levies—exacting a larger per-

centage from the fortunes made under such unusual conditions.

The precedent for a Capital Levy during life is the Capital Levy at death, carried by a great Liberal Chancellor of the Exchequer against the fiercest opposition of the rich and landed classes. The advocates of the Levy propose (in a brief and perhaps humourless summary) that all those who possess wealth in this country shall, as a consequence of the war, be "deemed to have died"; that a similar valuation shall be made of their estates as is made to-day by the Inland Revenue authorities of the estates of the recently dead; and that similar arrangements shall be made for payment of the Levy to be imposed. The New Liberalism advocates a Capital Levy in order that a substantial portion of the enormous debt shall be liquidated by a graduated contribution from all who own more than a limited amount of the national wealth.

It advocates such a measure, first, because the only alternative is something like a 12s. or 15s. Income Tax; or such crushing taxation on the poor as would breed inevitable revolution; or a crushing tax on industry, hampering all new development; or repudiation of the National Debt, which, above all things, it wishes to avoid.

It is said that a Capital Levy is impossible, because a valuation of wealth is impossible. But for nearly a generation a Capital Levy has been imposed on all estates passing at death, and valuation of wealth is being carried on in the normal course of such business every day of the year. Wealth equivalent to hundreds of millions passes

thus every year under the review of the Inland Revenue, and pays its share to the national income. And the able experts at the head of the Inland Revenue declare that the thing, if desired, is perfectly practicable.

It is said that a Capital Levy is merely a wild act of spoliation of the rich, which no responsible Government would advocate; an act of confiscation. But a Capital Levy was carried out in Germany in the midst of the war, and by the "Junker," not by the Socialist Government, raising some hundreds of millions. Capital Levies and War Wealth Levies are eating deep in to the remaining wealth of post-war Germany. Both are also being imposed on Italy as a means of meeting a difficult financial situation. A Capital Levy was proposed by the responsible Finance Minister in M. Clemenceau's Government in France. It was only withdrawn because of hopes that the necessary funds to pay off debt could be obtained in the German indemnity. It is obvious that these necessary funds will not be obtained from any German indemnity. France will be compelled to consider the Capital Levy again. Indeed it is difficult to see which of the belligerents, if any, will escape such a "regrettable necessity."

It is said that a Capital Levy is impossible because of the difficulty and absurdity of attempting to value every tiny piece of property possessed by every tiny property-owner. Ridicule is cast on the attempt of the State to become part owner of the china dog and the antimacassar of the suburban household. The same nonsense was talked

when Sir William Harcourt introduced his Capital Levy on death. There need be no fear of such imbecilities. The Capital Levy, like the Levy on death, will exempt all estates not worth the expense of valuing, and all the estates which represent the tiny accumulation of a life's savings. Various limits of exemption have been suggested. The Inland Revenue, in the evidence upon a War Wealth Levy, asked, as a matter of practical administration, for a limit to estates above £5,000 in value. The Capital Levy is unlikely to operate upon lesser fortunes.

If all estates under £5,000 were exempted, the difficulties of valuing immense numbers of small properties would disappear. £5,000 capital means only an income of some £250 a year, or a pre-war income of about £2 10s. a week; and that is about the minimum of decent life for saving of old age and education of children.

The opponents of the Capital Levy deliberately confuse it with Repudiation of Debt. They alarm the small investor in War Loan by declaring that a Capital Levy is a confiscation of that War Loan. The facts are exactly otherwise. A Capital Levy is the alternative (and probably the only alternative) to a repudiation of debt. A levy on *all* wealth will be used to pay capital and interest on that wealth which has been lent to pay for the cost of the war; and it may even be possible (if desirable) to give some preferential treatment to those who possess war stock.

It is said that valuation and payment (in cash) in some specific year would make chaos of the social

order. Every one would be compelled to sell at the same time, and nobody would buy. But those who advocate a Capital Levy are not advocating payment in cash, or payment in some specific year. The Capital Levy payable at death is spread out for a term of years, in order that the full value of the estate may be realised. Similar arrangements could be made for the War Capital Levy.

It is said that a Capital Levy would mean extinction of "capital," and therefore ultimate ruin to the State. Such a statement shows a grotesque confusion of thought. Transference of property from the individual to the State no more destroys Capital than transference of property from the individual to another individual. Still less does the transference of property through the State from one individual to another; from those who have not lent money to the State, to those who have.

How would a Capital Levy "work"? After assessment of amount to be contributed by each individual—and it would be a steeply-graded assessment—each individual would be invited to make his payment as best suited his convenience over a term of years. The easiest method, if the individual possessed War Loan stock, would be to pay his share in his War Loan stock. That amount would be immediately cancelled. And such cancellation would involve no loss of national capital. If he possesses land, and wished to pay in land, the State could take over a portion of his land at the national valuation. The State would then

possess the land necessary for the settlement of the returned soldier without being compelled (as at present) to borrow money, and increase the National Debt, in order to pay for it. And there would be no loss to the national capital. If the individual possesses shares in companies at home and abroad, he could pay his assessment, or a portion of it, in the shares of these companies. During the war, the Government was purchasing hundreds of millions of pounds worth of such shares, for payment of our obligations abroad; and the Public Trustee in peace-time is dealing with hundreds of millions of pounds worth at home.

Government stock, land and real property, and shares in companies at home and abroad, form at least 90 per cent. of the "capital" which would come under the review of the War Levy. The remaining capital, such as that of private persons in their own expanding businesses, not immediately realisable, would present some greater difficulty. That difficulty is encountered and overcome in the Death Duty Levies. It means a high rate of Income Tax, guaranteed over a term of years; and through bankruptcy or failure there may be some loss on it, as there is some at present. But the possibility of such occasional small loss cannot be accepted as any serious argument against the soundness of the scheme. Much is made of the difficulty of wealth in "Settlement," and the uncertainty, in the Levy upon such wealth, as to who was the actual owner of it. But there should be no difficulty by the use of a system of insurance

of making a just apportionment which will escape the hazards of individual deaths. In any case, such wealth does not represent (at most) more than a proportion—perhaps one-sixth—of the total wealth of the country.

It is argued that a Capital Levy, once imposed, would be so welcome and easy an instrument of taxation that it would be frequently repeated; and that the fear of such repetition would lead to the abandonment of saving, and the collapse of that British credit which is vital to the machinery of all industrial progress. But the argument is, in reality, the exact opposite. The spectacle of the British nation deliberately paying off its war debt, or a portion of it, by contributions of capital justly assessed and graded, would place British credit higher in the world than ever before. And if it be objected that a future Bolshevik Government might use an instrument adapted to the terrific ravages of war for the normal expenditure of peace, one can only point out that any such Bolshevik Government would certainly be uninfluenced by whether or no such Capital Levy had been already tried before. But if any politician desired to make the election of such a Bolshevik Government inevitable, he would resist all substantial contribution of wealth to extinguish National Debt; he would be deaf to all demands that (especially) the new wealth accumulated during the war should pay a liberal contribution to that war's expenses; he would "carry on" by borrowing, or lay heavy taxation on the working people, until the inevitable crash came.

There are many who quite recognise this danger, but who believe that a less hazardous course would be to stagger along upon a high graduated Income Tax and hope of increased productivity. There is indeed no fundamental difference of principle between the gradual repayment of the Debt by a high Super-Tax, or the immediate repayment of a considerable portion of it by a Capital Levy. If the latter were to prove on investigation impracticable, Liberalism would have to fall back on the former alternative. To such an alternative, however, there appear two strong objections. The one is that a high Income Tax is a deterrent, not only to saving, but to effort. A Capital Levy definitely allocated to War Debt, and as much a part of the national war sacrifice as the death and maiming of the soldiers in the field, is as much bound up with war tragedy, and as unique in war tragedy, as the loss of a million human lives. This once accomplished, the nation can return to saving again, as it will return again to the production and rearing of children, determined that such a destruction of treasure and of life shall never occur again. But a permanent extravagant Income Tax—especially on earned income—is bound to diminish effort. Who is likely to put forth special efforts of arduous labour if he knows that (say) half of the produce is immediately swept away from him, to pay interest on fortunes in part accumulated during the war out of the necessities of the nation? And this applies especially to crushing burdens laid on all industry, such as a general Corporation Tax, or to industry attempting a fresh start after

the war, such as a huge Excess Profits Tax. In both, live wealth pays, while dead wealth-rent, personal possessions, accumulated store—escapes. And in the latter case the inequality is so monstrous and unfair between those with established businesses and those who have to start from nothing, that no tax could be devised more likely to take the heart out of the efforts of the young in competition with the old.

For the second objection is that by these alternatives to the Capital Levy the young will be paying instead of the old, and the ex-soldier rather than the civilian. The thousands of millions of war-stock in this country has been purchased by the non-combatants. The six million combatants have not only no war stock; they have, many of them, in the Conscription, lost whatever little capital they formerly possessed. They have borne all that risk in life; and on their return they are laden with a permanent tax on their labour to pay interest to those who never endured the dangers of war. This fact will be demonstrated to them at every street corner. It represents a position of unstable social equilibrium. It cannot endure.

Liberalism challenges those who oppose the Capital Levy for their alternative. They have hitherto offered no alternative. They are borrowing and drifting; and borrowing and drifting is the way to ruin. A Capital Levy is not pleasant to those who have to pay. Neither was the fighting pleasant to those who had to endure. Such a war as this entails an intensity of sacrifices, which must

be realised, and accepted, if the world is to be saved.

So much for the arguments for a Levy on all wealth. What of a special Levy on war wealth?

"I view with favour," said Mr. Chamberlain on May 12, 1920, on the second reading of the Budget—"I view with favour the proposed tax on war wealth. The country as a whole is poorer as a consequence of the war, and a section of the community profited in the very circumstances which impoverished so many others. Inasmuch as there had been great inequality of financial sacrifice, and the country had need of further money, was it not fair, right and expedient to look to those who had been fortunate where others had suffered for some special contribution in the extraordinary needs of the time? I believe, if carried out, such a levy would add effectively to the security of capital in general, and disappoint the hopes of those who would be glad to see our present industrial, commercial and social system break down under the weight which the war had cast upon us."

No better summary of the argument for such a Levy has been presented to the public. The owners of war wealth heard first with amazement, then with anger, the propounding of such a doctrine from a Conservative Chancellor of the Exchequer in a Parliament specially elected, as they thought, to defend the interests of the rich against such predatory doctrines. After the first shock they speedily got to work, both outside and inside the Government. A great agitation was started

amongst the classes and newspapers which controlled that House of Commons, that "Mr. Chamberlain must go." His position was evidently insecure, for the newspapers most intimate with the Prime Minister announced his approaching departure; just as they had formerly announced the departure of General Sir William Robertson, Admiral Jellicoe and Mr. Asquith. In a few weeks they had their man to heel. Mr. Chamberlain was declaring to an astonished world, first, that he repudiated any idea of a Levy on war wealth; and second, that he had never been in favour of such a Levy. Reconciliation of these two statements was left to the judgment of the historian or cynic. In any case the thing was killed upon the spot. It seems probable that it is killed in this form for good. For every day that passes merges war-made wealth into post-war-made wealth, and makes more difficult a return to conditions now hurrying into the past. Those who destroyed the War Wealth Levy have concentrated a divided opposition upon the policy of a Levy on all wealth, irrespective of its origin.

A Levy on war-made wealth would have appeased the demand of many, not only for a fiscal instrument of utility, but for the satisfaction of a moral instinct. That no one should make a huge fortune out of the war appealed to an elemental impulse of humanity. And in a plebiscite probably 95 per cent. of the electors would have voted for such a Levy. And this instinct not only condemned the greed of those who hastened to take advantage of the nation's necessities in her hour of travail and emerged

with the gigantic booty of the war profiteer; it applied equally to those who, in what is called the normal course of business, in war-time, added to the riches they owned at the time the war broke out. For seven millions of the flower of the nation, mostly volunteers, some impressed into the service, had deprived themselves willingly, or been deprived, of the opportunity of increasing their fortune at all. Nearly a million had been killed, another half-million maimed and broken. All had returned to start the difficult business of life anew, mostly considerably poorer than at the beginning. They returned to find others in possession; to find these others accumulating in comfort what they had lost in all extremity of misery and pain; and to find themselves compelled for the remainder of their lives to submit to vast taxation, in order to pay tribute to the men who had stayed behind. It seems impossible that such a position can be accepted in permanence. If it be maintained that the non-fighters possess Capital, and that the destruction of Capital means ruin, the fighters may retort that they by no means desire the destruction of Capital, but only its fair redistribution between the men who fought abroad and the men who made money at home. And in any case, they might reply, in the cancellation of debt which otherwise is to weigh upon us as a burden all our lives, there is no destruction of Capital at all. The alternative adopted by the Government is a direct penalisation of the young, the enterprising, the wealth-creator, against the old, the cautious, the wealth-owner. For by heavy imposts upon the profits of all new

businesses, you not only discourage the effort of all who had no wealth before 1914, and consequently are starting from the zero of a returning-soldier basis; you also definitely handicap these new efforts in competition with those whose wealth was established in 1914, who can now rest on their secure position, exempt from Excess Profit taxation. No such criticism could be raised against a definite Levy to be made here, as it is being made abroad, to secure a definite proportion for the relief of debt of the wealth actually made during the war. The Inland Revenue authorities (perhaps the ablest Civil Servants in the world) had declared this Levy just and practicable. They offered startling figures in its defence. The opposition was specious on points of detail; as, for example, the influence on credit, the difficulty in certain cases of obtaining the money, the necessity for time and delay. But it really fell back on the fundamental position that, having obtained the booty, it was loathe to part with it; that moral considerations did not enter into finance; and that the demand for this measure of justice from nine-tenths of the citizens who had risked their lives in order that this country, with its wealth, should be preserved, was merely the demand of ignorance or envy, knowing not what injury its fulfilment would bring, as much to themselves as to others.

Yet the condition of the distribution of fortune in England remains to-day essentially unstable; and peace cannot be established, nor can social discontent be allayed, unless such a position undergoes profound change. But for the fighters, wealth

would now be paying, not a Capital Levy to pay off War Debt, but a vast indemnity to a foreign victorious nation, from a ruined and bankrupt people. Yet the fighters remain to-day, in bulk, landless and without capital, in the midst of a society whose old standards the new makers of war wealth are outraging by the most reckless expenditure in luxury, extravagance and display. In the investigation into a War Wealth Levy, the Inland Revenue produced figures of a sensational character, which have not been seriously challenged. They declared that the increase of wealth since the commencement of the war (estimated in the same monetary standard) was about four thousand million pounds. That takes into account all depreciation of capital. It is a net return. Of this amount, 340,000 persons have taken over two-thirds of the increase. Two hundred and eighty millionaires possess an aggregate wealth of £590,000,000—an increase of £200,000,000 since 1914—an aggregate of nearly a twentieth of the post-war wealth of the country. The number of persons with wealth of over £100,000 is given as rather over 13,000. A number of British citizens, that is to say, equal with their families to the population of one of the smaller British provincial towns, divide between them one quarter of the aggregate post-war wealth of the country. At the other end of the scale the great bulk of the deaths—in war or peace—result in estates with nothing worth valuing for Death Duty purposes. In 1917-18, of the few estates which were liable to such duty—about 83,000—over 37,000, or nearly

half, were small estates not worth more than £500. But twelve estates were those of millionaires, and 141 of persons having over £200,000, and the total Estate Duty—a small but graduated proportion of the total legacies left—amounted to nearly £32,000,000.

These figures show a society dangerously “top-heavy.” Those who believe that it can continue with these discrepancies, are living in a world of dreams. The dispossessed, who fought, see the new rich, who accumulated, heading agitation for Government retrenchment, not only in foreign adventure and waste at home, but also in the provision of houses, land, capital, and education for themselves and their children. They are recovering from the numbness of war. They have passed from the first stage of being content with being alive at all, and finding any employment at all, to a stage of discontent with, and judgment of these monstrous inequalities of post-war fortune. And the failure of the Parliament of Reconstruction to appease, by some sweeping act of economic justice, the demand for such greater equality, is likely to make the whole course of orderly progress more difficult in the hazardous years to come.

To sum up. The advocates of capital Levies on wealth or war wealth in order to pay off War Debt assert—

1. No reduction is made in the Capital of the country if money obtained by a Levy on all classes of wealth is transferred into the pockets of those who

have a right, through their ownership of "Debt," to mulct all the wealth of the community of interest on that debt and its eventual repayment. The "sinking fund" is merely a Capital Levy spread over a term of years.

2. No refusal to make a Capital Levy to-day to pay off debt will prevent a Government desirous of so doing in the future making such a Levy for other purposes. On the contrary, a Capital Levy hall-marked to pay off debt will probably (taking many years for its full completion) prevent such an illegitimate use of it.

3. If panic be created by the idea of a Levy, panic would be allayed by the exhibition of its practical utility. The repayment of, say, two thousand millions of the National Debt in the next four or five years, would have an amazing effect in restoring the credit of this country.

4. Those who oppose a Capital Levy are in the main equally opposed to a high Income Tax. They have a vague hope that "something will turn up" to render both unnecessary. They are living in dreams. No "broadening of the basis of taxation" by placing increased burdens on the poor will ever be possible again. The National Budget only balances by placing two or three hundred millions capital value of War Store sales to the profit and loss account. When these are exhausted, there will be some such sum to be raised out of increased taxation. This can only be averted by enormous Income or Profit Taxes, by Capital Levy or by repudiation. The first is a cruel hampering of trade. The third means ruin. The second alone

is worthy of a nation which faced the disaster of war so courageously, and should now face as courageously the inevitable consequence of that disaster.

New Liberalism desires to untax trade so far as is possible by the alternative taxing of the "taxes" now hampering trade, especially such monopolies as the Land Values, which are created by the industry of great cities, and now flow away into the pockets of those private persons who are fortunate enough to own land on which they have been built and the land upon which alone they can expand. It regards the Income Tax as the fairest of all taxation instruments, and would be content with an ideal in which graduated Income Tax, Death Duties, and special taxes on monopolies such as land, and luxuries such as drink, should be the sole means of raising the national revenue. But it regards the Income Tax to-day as a cruel impost upon families as against individuals, and pressing with intolerable burden on those "New Poor" of the middle classes who are courageous enough to bear and to rear up children. It believes that large abatements should be made for these, if necessary, by the counting of each individual in the family as a unit, at the expense of those who have no dependents to support, and of those to whom the whole necessary claims of family obligation form but a negligible proportion of their total income.

It is not in the least afraid of the social consequences of exacting large impositions from great

wealth, for it recognises the social and economic construction of Society at the present time to be impossible, and the enormous accumulations of the few, combined with the enormous luxurious expenditure which normally accompanies such accumulation, as a real danger to orderly social progress. It remains unmoved by the plea that these wealthy have to pay large super-taxes and a heavy insurance against Death Duties. It does not see why they should pay any insurance against Death Duties at all. For they cannot carry the money with them whither they go, and their children derive no advantage from exaggerated fortune; nor does the existence of such fortunes, with their immense power of control over the lives of others, handed down from generation to generation, make for the peace and tranquillity of the realm. Liberalism has no warfare against Capitalism; still less—in what would be suicide rather than combat—against Capital. It knows that without Capital the world perishes. It does not believe that Capital can be vested in some mysterious entity called the State, on which each individual shall be dependent, of which each worker shall be a propertyless slave. It wants more, and not less Capital; more, and not fewer Capitalists. It will never be satisfied until every man is a Capitalist; by his Capital saved from the indignities of poverty; with his Capital possessing incentive and ambition to still fuller increase. In pursuit of such aim it looks with contentment at the effect of its Death Duties in breaking up vast ownerships of land, at the effect of its super-taxes in reducing great

ownerships of wealth. So long as the money thus obtained is spent in assisting self-reliance—in improved education, in the destruction of the slum, in the planting on the land of those limited classes who will cultivate it, in measures for investment in social improvement which will find fruit in subsequent generations, we know that it is working for the security of the State and the ultimate benefit of mankind. Such finance may impose a less extravagant standard upon those who are compelled to contribute to the national welfare. But it opens a new ray of hope to the people who, in a discomfort which the far-sighted and compassionate could neither appease nor forget, have hitherto walked in darkness and under the immediate shadow of death.

NOTE.—The history of the idea of the Capital Levy and its introduction into politics is not without interest. It was first advocated by Mr. Bonar Law, who in this, as in other questions, astonished and enraged the representatives of the Interests which supported him by his indiscreet "thinking aloud." Mr. Asquith continued to demand a Commission to inquire into its practicability, which was as continually refused, Mr. Chamberlain going so far as to declare that he would resign sooner than that it should be even examined by a body of impartial critics. It was largely made popular by a number of young Liberal economists, led by Mr. Sidney Arnold and centring in Manchester. Later it was adopted as a programme by the Labour Party, many of whom, however, appear but uncertainly to understand its meaning; one enthusiastic soul, for example, in his Election Address at a bye-election, recommending a Capital Levy on all *incomes* of over two thousand a year. Of the orthodox economists, Professor Pigou at Cambridge and Mr. Edwin Cannan at Oxford have been its most conspicuous advocates. Mr. Asquith at Paisley put the moderate Party position in his acceptance of the principle, providing that examination by experts devised a scheme compatible with fundamental Liberal

principles of finance. After regretting the refusal of the Government to undertake the inquiry for which he had pressed, "I am of opinion," he asserted—"and I strongly repeat it—that inquiry into this matter is urgent and ought to be immediate. There are three questions and three questions only, which I think before it is adopted ought to be shown to be capable of being answered in the affirmative. The first is—can it be made equitable in its incidence between different forms of wealth? The second is—can it be arranged so as not to discourage saving? The third is—can it be brought into working order by practicable machinery? If these questions, on investigation by competent authorities, can be affirmatively answered, I know of no Liberal principle that would require us to object."

*Experience shows that there are certain industries and certain services which in the interests of the community can be better and more safely carried on by the State or the Municipality than if they were left to private enterprise. They are for the most part of such a kind that, from the nature and necessities of the case, you could not have free competition between rival producers and purveyors without the danger—and there is always the danger—of creating a monopoly. . . .*

*They believe the nation ought to own a monopoly of the industry of the country. Let me sum up in a sentence or two what the effects would really be so far as I foresee. It would sap the free-flowing life-blood of British industry. It would enthrone the rule of bureaucrats. It would tend to stereotype processes, to stand in the way of new inventions, to arrest mechanical and managerial improvement. It would paralyse individual initiative and enterprise, and sooner or later—and sooner rather than later—it would in my judgment impoverish the community.—MR. ASQUITH at Paisley, February 1920.*

## CHAPTER V

### NEW LIBERALISM AND NATIONALISATION

#### I

CONTROVERSY is carried on to-day concerning the policy of what is called "Nationalisation." The controversy, in so far as it affects the public mind, is largely confused, because neither side has defined its terms. Each sets itself to attack and logically to destroy a theory or principle which it is found at the end the other side as completely repudiates. It is like a warfare in which, by brilliance of tactic, positions are carried which have already been evacuated by the enemy. These "nebulous polysyllables," as Mr. Asquith has termed them, cover all meanings, from the first attempt to control unchecked private enterprise on the one hand, to an iron, rigid and bureaucratic Socialism on the other.

In the old days the situation was different. The question shouted by inflamed Socialist orators to candidates for election, "Are you in favour of the nationalisation of all the means of Production, Distribution and Exchange?" meant something definite and clear. It meant the coming of the Socialist State as distinct from the State in which free adventure and enterprise found opportunity for action. It meant the running of all the

industries and activities from some central organisation; in common parlance, from Whitehall. That central organisation was to direct Labour into the channels where it desired Labour to flow. It was to provide an equality of income and wages—or, if income and wages were abolished, an equality of comfort for all the members of the State. A Civil Service, efficient, laborious, self-sacrificing, tolerably or intolerably just, was to take over all the multifarious business and trade of this country, and divide up for the general good the profits that would accrue; just as the profits of a great Co-operative Society are divided up amongst its members to-day.

Thus the national railways would be run under the same system as the municipal trams. The cotton, coal or textile trades would be managed as the Post Office was managed, bringing in similar profit to the general good. The Central Government should be preferably a Social Democracy—a group elected by, and responsible to, its own servants and employees. Every one would be obliged to work, and though some latitude of choice would be permitted, in general would be obliged to work at the employment allotted to him by the Central Bureaucracy. Poverty would be abolished, and there would never be any more unemployment, as work of some sort, in dark days or bright, would be found for all.

It was pretty soon suspected that the Democratic side of the experiment would not work, and in later development of theory, Freedom was thrown overboard for the sake of Equality. Men would

be compelled to acquiesce in the determined oligarchy of the few.

This experiment has been tried on a large scale and under not altogether unfavourable conditions in Russia to-day. The conditions are not altogether unfavourable, because in Russia, unlike the Western nations, there was only a comparatively small middle class to destroy. The "Rule of the Proletariat" could commence with a minimum of massacre. At the same time the oligarchy which had seized power consisted not of the proletariat at all, but of men of wide knowledge and international experience. Ex-nobles, professors, clever and cultured Jews, men who had suffered for Liberty in Siberian prisons, thus proclaimed the international social upheaval, and issued a challenge to an international Social Crusade. And conditions were assisted also—although this appears something of a paradox—by the fact that the nation was invaded by hostile armies, levies of reactionaries, and at war with all the world. For these invasions enabled it to appeal to a national sentiment, as the centre, and only possible centre, for a national resistance, and hence helped to rally in the service all those who, while hating and distrusting its social theories, were yet determined that the old régime should never return, nor Holy Russia be prostrate at the feet of foreign foe. So that even the peasants, the stoutest advocates of individual ownership in the world, rallied for a communistic Government, whose ideas they hated, in defence of those pieces of the soil which they have called their own. The mad war for the extermination of the

Bolshevik as of some poisonous insect, largely engineered from, and supported by, British politicians, providing British money and munitions, has caused immeasurable suffering to millions of innocent people in Russia; but it has been the chief fortification of the Bolshevik régime. The "Capitalists" who wish that war to continue in order that Communism may be destroyed, and the "comrades" who protest violently against that war in order that Communism may be vindicated, are fighting each on the wrong side. Communism will live during war: it will perish after the coming of peace. It will perish, as its own leaders recognise, because it represents an attempt to mould human nature into a form unsuited to its present conditions.

The bulk of the peoples of Russia are peasants, holding their own lands, and the new land which they have obtained from landlord, Church or Crown Estate. They are obdurately resisting, with all the tenacity of the peasant, the attempt to deprive them of their lands and substitute national ownership. Again, there are only a little over half a million convinced Communist adherents imposing their will on a hundred and thirty millions of Russians indifferent to such theories. These are deprived of all incentives to work. If they don't work, they are supplied with the same rations as if they do; if they work hard, they find no betterment of their condition. Consequently in all the industrial cities work has slackened or work has ceased. And the Central Government has now to enforce compulsory labour, not for the sake (as thought in this country) of driving the idle wealthy

to become dock labourers, or the Duchesses to become laundry-maids. The wealthy and the Duchesses have disappeared. The demand for compulsory work is a demand forced on the proletariat itself. That triumphant proletariat does not see how hard and unpleasant labour is compatible with the ideals of universal happiness, which had been promised with the destruction of "bourgeois" Society. Equality, again, has vanished with the payment of extra remuneration for special services, which could not otherwise be obtained—engineers, skilled labour, managers, doctors, and the like. And the universal war against "Capitalism" has been replaced by a demand for peace with "Capitalistic" Governments, and a willingness to grant concessions to foreign capitalists to introduce Capital in the country, without which the people perish. So long as the legal labour conditions of any district are observed, the "Capitalist" is to be welcomed to carry out the exploitation of the wealth of Russia and retain his own share of the booty. With these changes, driven by the force of events and the character of human beings, the experiment of Communism vanishes, after the arrival of peace. And although every Liberal, and indeed every sane man, unless obsessed by hatred or fear, condemned the wickedness and waste of the Russian subsidies, none but the extreme and more violent Socialist—the advanced "left wing" of the Labour Party—ever believed that it was either practicable or desirable to reproduce this experiment at home. Those who have been scared by such a fear are

living in the world of nightmares and bogies. Of all the races of the world, the British are most alien to such an effort: independent, defiantly individualistic, utterly distrustful and contemptuous of Government control. And in this land, of all the industrial nations of the world, experiment to destroy and rebuild would be most dangerous. For British trade is Export Trade. It is trade normally conducted in face of fiercest competition, and with a close-cut minimum of profit. It is therefore trade in which invention, energy and intelligence on the part of its managers and providers counts for more than any natural advantage. Anything which would tend to reduce that energy and invention in the bulk of the Export Trades, would be immediately reflected in a collapse from which no ideal Communistic State would ever recover. Having neatly arranged for the equal division of the cake, they would suddenly discover that there was no cake to divide.

These are but commonplaces to the Liberal Party, and to the great mass of those now voting Labour, including the ablest leaders of the Labour Party themselves. These would be the last to promise that if returned to power they would effect the "nationalisation of all the means of Production, Distribution and Exchange."

## II

Nevertheless, there has been apparent, for at least half a century, a drift of legislation towards collective action. Sometimes the change has taken

the form of control of individual enterprise; the enforcement of conditions by the State, under threat of penalties imposed by the State, in the interests of the people who are wage-earners in those industries. Sometimes it has resulted in the transfer of whole enterprises from the hands of individuals to those of State or municipality. These enterprises are then worked by, and in the interests of, State or municipality. This process has been continued by all Governments and all countries; it has been especially characteristic of Liberal Governments in this country.

There can be no fight, therefore, except an empty winnowing of the air, on the question of the "Principle of Nationalisation." In one sense that principle will never be accepted. In another sense that principle will never be denied. The modern State will never go back to the position, desired by the individualist, when the State merely fulfils the functions of the policeman, and holds the ring for a commercial exploitation of a population driven by competition in the Labour market to accept any conditions of employment as an alternative to starvation. That old vision or nightmare of miscalled liberty has gone, and for ever. On the other hand, the modern State will never accept the ideal of a world in which energy and idleness, ambition and stupidity alike, are united in equality of reward under a Government controlling from some centralised power all the activities of its citizens.

The "Principle of Nationalisation" has been firmly established. No one but some academic

Anarchist is ever likely to disturb it. Above all, it has been firmly established in relation to natural monopolies. To deny it, would be to root up all our national educational system, our post office and telephones, our municipal trams, gas-works, and electricity supply, our public docks and dockyards, our National Health and Employment Insurance, our feeding and medical treatment of children, our national Old Age Pensions. It would be to restore drainage and water supply to individual effort, to re-establish turnpikes to pay for the cost of the roads, to reject nine-tenths of the bills of the great corporations which demand and obtain special forms of communal activity each for its own town. All these things have been carried on, largely by Liberal Governments in the past, amid the wrath and despair of individualistic philosophers, who have danced around denouncing all such concessions as the triumph of Socialism and the coming destruction of private enterprise. All their prophecies of ruin have hitherto been disproved.

Whether that "drift to Socialism" has reached its limit, and will be followed by an equally sharp reaction backwards, remains doubtful. Certainly at present, two things appear incontestable. The first is, that hitherto the great majority of the workpeople in any particular trade have shown no pressing desire to become servants of the State. They have desired improvement of conditions, shorter hours, better wages, greater security of employment. They are now dimly feeling towards some idea of association of their representatives with the management and control of their work,

and in some cases for the replacement of private ownership and private profits by ownership by themselves, and profits divided amongst themselves, on the co-operative model. But the demand for drastic change in the direction of "nationalisation" has hitherto, in the main, been preached to them by "intellectuals" from without, or by leaders whose ideals far transcend the mass of their followers. In certain industries, however, there has been a movement and awakening in this direction, which all concerned in estimating opinion or the work of the Government must take note of. Secondly, it must be recognised that the experience of "nationalisation" or "semi-nationalisation" of industry during the years of the war has left a bitter taste behind it, amongst both employers and employed, which will not soon be forgotten. The stupidity and corruption of the new "Civil Service" as distinguished from the unchallengeable intelligence and honesty of the old; the fussiness, the intrigue and backstairs influence which placed incompetence in high places; the vast fortunes which were "wangled" by many who gave their sons to the war and their services to the Government at home; the gigantic waste and extravagance of it all, which scandalised even those engaged in it, and which has now riveted so heavy a debt on the shoulders of the people—all this has set back for a generation at least any general movement towards "nationalisation," or any confidence in Government management and control.

On the other hand, the very effect of this confu-

sion in itself compels the State in some instances to go forward. How can the railways, for example, ever return to pre-war conditions? Quite apart from opinions in the work of politics, as a pure matter of business the thing is impossible. And the same applies to coal. The old basis of such industries has been so completely destroyed that it is evident that some new basis must be discovered. And whether that new basis is termed "nationalisation" or no, is largely a matter of words.

Controversy on "nationalisation" is therefore concentrated to-day, in the main, on the future of the exploitation of the great natural resources and monopolies of the country; the coal which was placed there by no man's hand; the transport which has been given an artificial monopoly by the State; the land without which no man can live.

The question of the railways, in theory at least, is a simple proposition, whatever the difficulties may be in practice. The State, at a time when State control was most abhorred, gave this enormous monopoly to the private companies, destroying all but State-sanctioned competition, with the definite idea of subsequent State ownership and working. The idea was embodied in actual clauses of the original Railway Acts. And all over the world, railways, under a most varied collection of Governments, some tinged with Socialist ideas, others bitterly anti-Socialist, have been worked under a "nationalised" system. Prussia had a system of efficient and paying State railways before the war; so had Austria; so (at the other end of the scale of

opinion) had Australia. Canada, during the war, took over immense railway systems. Even France, the most anti-Socialist State in the world, with the exception of the United States of America, was compelled in pre-war days to take over the Western railway system, and although at first the conditions were chaotic, the arrangement settled down to be no worse, if not conspicuously better, than the privately-managed lines. In America the gigantic Railway Trusts and Combines over-awed public opinion and controlled State and national politics. But no one, I suppose, imagines that stage to be anything but transitory, in the exploitation of a new country where huge influx of bewildered immigrants could do little but raise angry and impotent protests against their exploitation. In any case, the arguments for "nationalisation" of the railway system are too well known to need re-stating. The present chaos combines the disadvantage of both individual and Socialistic schemes. It cannot endure, and as there seems no possibility of return to pre-war conditions, it is evident that the only way out will be unification under State ownership and working. The argument against bureaucracy does not here apply. Each railway from its very nature has of necessity been a bureaucratic institution controlled from London or some other central office. The management—unlike that of Britain's competing world industries—has been mainly in the hands of competent "General Managers," sometimes promoted "from the ranks," responsible to Directors chosen for the most part less for business or organis-

ing power as for territorial wealth or social position. Long after Trade Unionism and collective bargaining had been clearly recognised in all other important trades, these gentlemen refused that inevitable system; and the prosperity of the country was threatened by a series of strikes, and threats of strikes, only averted by ridiculous performances at negotiations, when the railway directors' representatives assembled in one room in a Government office, and the men's representatives in another, the Government officials dodging backwards and forwards with revised terms and offers between one and the other, and each pretending that they had no knowledge of the other's existence. Such days of make-believe and public risk on points of punctilio are now happily over. It is evident that the transport system of the country, being vital to the trade of the whole community, cannot be left to the caprice of private persons. A railway strike must succeed, unless the Government sets itself to break it. It cannot succeed, if the Government sets itself to break it, without overthrowing the foundations of Government in the creation of a social revolution. It is apparent, therefore, that a railway strike, although ostensibly aimed at directors representing the interests of private shareholders, becomes in effect a declaration of war upon the community. Such a declaration of war can only be rendered impossible if the State assumes complete responsibility for the welfare of the men, and can defend, before the whole public, its refusal to agree to their demands. Suppose, for example,

in a big draper's establishment, the employees strike for such wages as will absorb all the profits of the business. The public are not inconvenienced and not threatened. They can buy their haberdashery elsewhere. Government has no call to interfere. The company may convince the men that their demands are impossible, or close down their emporiums, or effect some compromise. But suppose the railwaymen demand such advances in wages as will make the payment of dividends to shareholders impossible. A strike ensues. But all the resources of Government have to be concentrated immediately to "break" that strike; because a transport strike for a month or a fortnight must mean ruin and starvation. Government thus appears—and the same necessity would be on a labour as on a reactionary administration—as breaking a demand for increased wages in the interests of private "capitalists," and in consequence must estrange the sympathy of all those who put the advantage of the worker above the payment of profit. Such a system and feeling was rapidly rising in the great railway strike of the autumn of 1919. It was only not at first apprehended because the strike appeared as one against the State, not against the private railway directors, who were not in control, nor against the dividends of the shareholders, which had been guaranteed by the State. It is apparent that when such a new situation as this arises in the management of a monopolistic and essential key industry, the only hope of allaying unrest, and at the same time opposing successful resistance to impossible

demands, is for the strike, which cannot help, in reality, being a strike against the community, becoming in actual fact a conflict against the community, and not for a different division of spoil between labour and dividend. The community must thus support or oppose a Government which is either fighting for the welfare of the community as a whole against impossible or selfish demands, or which is refusing requests for betterment which are themselves legitimate and reasonable. Under such conditions, unfair and capricious strikes would always fail. Justifiable strikes would succeed. They might overthrow Governments, but they would not, as in the present position, overthrow Government. At present they would, if successful, overthrow Government, because one class of men, by withholding essential labour, would have broken the resistance of all, and proved themselves stronger than the representatives of the community. Under "nationalisation" they would, if successful, only overthrow a Government if that Government had proved itself not really representative of the will of the community. It is the unique and essential nature of this monopoly which, now that the men are united in the strongest of organisations, and the shareholders dependent on the Government for support, renders nationalisation imperative.

Liberalism will have to ensure that this necessary nationalisation is effected in the interests of the public welfare, and not exclusively to the advantage of director, shareholder or railway employee. But for the Government guarantee, and had the

question been left to the haggling of the market in the working of supply and demand, it is inconceivable that the railway shareholders would have been able to maintain the pre-war dividends which at present they receive. The Triple Alliance, had peace been preserved, would have squeezed them dry. The nation must not be burdened with unfair addition to its enormous debt. The railways must be purchased at a post-war valuation, and with full allowance for all the depreciation of their dividend-earning power due to increased prices of labour, and demand (apart from the war) of a higher standard of wages. And although in this, as in all other Government services, directly chosen representatives of the men's Unions should be associated with the management, the alteration of conditions and the settlement of disputes, the Ministry of Railways must be ultimately responsible, through Parliament, to the community as a whole, and neither to past shareholder nor present employee, for the working of the system in the interests of the community.

So much for transport. What of coal? In many respects the resemblances are noteworthy. In others, conditions are entirely different. The resemblances are noteworthy in the sense that coal is a natural and national asset, and for all practical purposes a monopoly; for at present imported coal hardly competes with the native product for industry, transportation or household purposes. Coal, also, like transport, is a key industry. It is only, if withheld, a little more tardy in its production of paralysis. A

coal strike may last longer than a railway strike. But the end must be the same, and even more irrevocable. For some show can be made of keeping means of alternative communications open, in the case of railway stoppage. But no one has even suggested a method of working coal-mines if all the skilled miners refuse to work; or to provide alternative coal, or alternative power. Here also, then, the State is faced with the same difficulty as in the case of railways. A strike, ostensibly against private owners, possibly for improved wages or conditions, must inevitably become a strike in which the State has to take sides with the private owners against the coal workers, and to break the strike in the interest of the community, but in practice for the protection of private capital. A noteworthy resemblance also is that coal is a key industry on which all other industries depend; and that without a cheap and plentiful supply of coal, British industry perishes. And a last resemblance is that five years of war, controls and decontrols, attempts at unification, settlement of random and varying prices for export coal, for industrial coal, for household coal; the working of seams and pits at a loss, which would otherwise have been closed down; the delay in the developing of new mines which would have been far more profitable; the general unrest in the whole coal industry, in part created by, and largely increased by, these vagaries and variations—all these have resulted in such complete general chaos as to render any return to pre-war conditions for ever impossible.

On the other hand, the differences are marked. The coal-mines do not consist, as the railways, of some dozen of great corporations working from centres under bureaucratic management. Except in South Wales, the process of amalgamation into great Trusts had not proceeded far; and the agreements as to prices, etc., were agreements made by voluntary sovereign powers who had liberty to change or alter them at will. The coal industry is highly technical, and although the owner and shareholder has become largely absentee, and the real power resides with the skilled managers of the particular coal companies, the whole tradition, both of miners and men, is towards collective bargaining, self-help and self-reliance, and repudiation of interference from any Governments, ignorant, remote, and generally effecting more harm than good.

That is why the demand for "nationalisation" in coal has taken quite a different form from that in railways; and every attempt to formulate it by the men's leaders has been an attempt altogether to repudiate central bureaucratic management from Whitehall. It is still extraordinarily difficult to declare where, in the various intermediate schemes proposed, the element of public or communal responsibility has grown so great that it can be declared that "nationalisation" has taken place. On the one hand is the complete operation of private individual ownership, unchecked by regulation, dependent for labour on the terms at which it can persuade men to work, giving cheap coal by free competition in the open market

between one colliery company and another. On the other hand is the possibility of a coal industry run on Socialist lines by a new "Civil Service" analogous to the post office or telephone system. The first system has gone, and for ever. The last system, though the subject of inflamed newspaper criticism, is warmly repudiated by the men and desired by no one. The first system has gone because the State has already crept in with its minimum wage Acts, its maximum hour Acts, its apparatus for ensuring safety, and other interferences; and because it is obvious that the war chaos can only be straightened out by unification into Great Trusts. But the Great Trust, unchecked, removes that element of competition which alone can provide that cheap coal which is the life-blood of the community. And there is no possibility of the men ever settling down to work hard for the advantage, and under the slavery of a Coal Trust. Yet the essential element in the whole affair is that the men shall work. And the men will only work under a system which they approve. They are not working as I write, to the injury of British trade and the infinite injury of a Europe starving for lack of coal.

This does not mean, as some persons think, that the coal-miners are playing "ca' canny" and immorally refusing to do a fair day's work for a fair day's wages. The miners, who set the pace of the pit, are all piece workers: if they work hard, they earn more; if they work less, less. They are paid strictly in accordance with output. And there is nothing more "immoral" in their refusing

to do more than they wish, and being content with less wage, than in an author deciding (for example) that he will only write one book a year instead of two, and be content with half his income. Yet this psychological condition of the mind of the coal worker must be studied and satisfied if prosperity and tranquillity are to return. No benefit is gained by dancing around him and calling him names, and telling him what others think he ought to do. If he is determined not to over-exert himself for the production of private gain to absentee shareholders, or until his representatives have some share in the management and control of the mines, you will have to pass laws depriving him of his freedom and reducing him to slavery, or convince him of the wickedness of his attitude, unless you substantially grant to him all that is legitimate in his demands. And in practice you cannot reduce to slavery a million of the organised workers of Britain.

The national problem, therefore, is the appeasement of unrest and the encouragement of effort in a whole race of men, numbering over a million of adult and boy workers. They are a race as patriotic, hard-working, intelligent and reasonable as any in the land. They live lives, for the most part, in separated villages and townships, detached from the community. They are splendidly organised, and loyal to their leaders. They combine, from the nature of their employment, the very opposite characteristics of temperament. They always "live dangerously." Their work is arduous, and in the verdict of the outsider, dis-

agreeably cut off from the sunlight. But it is shorter than that of most, it is well paid, and it is practically secure from unemployment. It combines at once a materialistic and an idealistic standpoint. Its spirit is reckless and religious. No class is more eager for definite material gain, and no class more ready to respond to an altruistic appeal. It is utterly impossible to bully this magnificent army of working-men into submission. It is idle to imagine that it could be replaced by others, in a decade or a generation. A treaty will have to be effected between the miners and the Government, honourable and satisfying to both parties, if the output of coal is to rise again to the dimension which is vital to the industry of Britain and the world. What can the community offer? What will the miners accept? They will not accept the old individual ownership of individual mines or combines of mines, managed by directorates in whose selection they have no voice, and over whose effort they have no control. They certainly will not work for gigantic Coal Trusts, whether organised in each particular district or unified into one colossal Trust embracing all the coal-mines of the country. They do not want bureaucratic control. Various intermediate schemes have been proposed. All of them, as I interpret them, involve some measure of "nationalisation." And if one passes from words to real things, each of them much more resembles each other than any resemble individualism on the one hand, or Socialism on the other. Sir Arthur Duckham proposes unified competing Trusts, with a limitation on the

profits of the owners. Mr. Asquith proposes that the mines should be managed and controlled by District Boards, on which shall be represented the owners, the technical staff, the miners, and the consumer through representatives nominated by the State. Mr. Smillie protests that his scheme is but little essentially different from that of Mr. Asquith, except that he would eliminate the owners' representatives and bring in the State representatives on Central Boards only. Mr. Justice Sankey's recommendation differs little in essential questions of management from that of Mr. Asquith. Sir Richard Redmayne, late Chief Inspector of Mines, and the cleverest mining expert in the country, has proposed another ingenious arrangement, whereby public and miners' representatives are associated in control, and the profits of miner and owner are dependent on cheapness of working and cheapness of the selling price at the pithead. He with others would also municipalise (*i. e.* nationalise) the whole system of the internal distribution of coal. All of these would ensure State ownership of the coal itself, whether ungotten or now in the getting. All of them recognise also, in the interests of safety, the necessity for the autocratic control of the actual manager in the day-to-day working of the mine.

There is nothing here, given goodwill on both sides, to excite fierce passion and even open war between the coal-miners and the nation. These and similar persons of authority, sitting round a table, could probably devise a compromise by which, with a little give and take, a system satis-

factory to the miners and beneficial to the community could be started. I must confess that as soon as you have unification of the mines, with equality of payment or profit between rich mines and poor; limitation of the dividend or profit of owners; the association of miners' representatives in the management and control of the industry, and the association also of representatives of the community responsible through the Government of the day to Parliament, you have, as a matter of fact, "nationalisation" of the mines. And these elements are common to all the above schemes. It may be denounced as a half-way house between individualism and Socialism. But then all the habitations of men are similar half-way houses between the logical goal of rival theoretical creeds. The business of the philosopher is to preach ultimate principles. The business of the statesman is to find half-way houses between them.

The first duty, therefore, of any Government or Parliament elected with the desire for a settlement, would be to call into conference the advocates of those rival "half-way houses," and to attempt to beat out, by argument and conciliation, some compromise. That scheme, when contrived, or if necessary two alternative schemes, should be submitted to the miners themselves, and if approved, should be guaranteed a fair trial for a term of years. At the end of that period, it might be further reviewed by Commissions of Miners and Consumers, its weaknesses strengthened, its injurious elements modified. You must carry with you, in all this, the goodwill of the mining popula-

tion. You must ensure, as the goal of your endeavour, a cheap and plentiful coal supply. The diminution in cost of production which would undoubtedly result from any efficient scheme of unification; should in part compensate for the high wages at present being paid, and by enabling coal to be sold cheaper, and by reducing the prices of raw material, reduce the cost of production of all industry. For incentive to effort you must trust the miners themselves, their leaders, and the ambition which may be put before the ablest of them, of being associated with the management of every mine, and through a hierarchy of increased responsibility, to the Central Board which is associated with the Ministry of Mines. There is no other incentive possible. For in this industry the scourges of hunger and cold have been already removed, and the fear of unemployment become a phantom. Trust in the good sense and essential rightness and reasonableness of the "common people" has been the guiding star of all Liberalisms, old or new. Applied with extraordinary success to remote countries and alien races, it is impossible that Liberalism should fear its application in this little land and among its own people at home.

One may sum up this argument, therefore, in a series of propositions which I believe to be incontrovertible.

1. The mining industry is in chaos; both outwardly in its financial and actual working condition, and inwardly, in the minds of the workers, who combine social unrest with a determination

for change, and refusal ever to go back to the old system.

2. The economic unit of working is not the single mine, but the whole minefield, if not the whole combined minefields of the country.

3. The nature of coal as the key industry to all other industries, and with a practical monopoly of an essential raw material, and the impossibility of Government permitting strikes against private owners, gives this industry a unique position demanding unique treatment.

4. The demands for increased output of cheap coal, imperative to Britain's continued prosperity, necessitate the devising of a system which will be accepted by the miners and worked with goodwill; for without that goodwill the output cannot be increased, nor can the mines be worked by others.

5. The abolition of unchecked private enterprise involves of necessity the introduction of some elements of "nationalisation," and it is impossible to say at which particular stage the mines have become "nationalised." Directly that enterprise is abandoned, and Trusts recognised as equally impossible, those who repudiate bureaucratic Socialism have now to reconcile, not principles, but details which are legitimate subject of compromise.

6. All Liberal, Labour and independent expert reformers agree that the new system must involve the State ownership of coal; the association of miners' representatives and representatives of technical workers with the representatives of the consumers, who will be responsible to the State;

and the limitation of the profits of the present owners, either to a fixed income paid by the State, or to debentures whose interest is paid out of the workings of the industry, or to profits dependent on wages and the price of coal, or to a combination of these methods. And the difference between them is not one of principle, but of its application.

7. No new system should be adopted until it has been definitely explained to the mining population and approved by them.

Beyond the question of the establishment of a national standard of life, however, and the special treatment of monopolies, lies the question of the future organisation of industry as a whole. And this also involves a double development. The first is concerned with the relationship of the workers to the employers—if workers and employers remain—whether inside individual factories and workshops, between representatives of the men of that factory and the owners of it; or whether in trades, between Labour organised in Unions covering a whole trade and a similar Federation of Capital; or in some national centre of unity and agreement, such as a proposed National Industrial Council or Parliament of representatives of Capital and Labour. The second is concerned with the problem of how far, if at all, the State, through legislative action, shall enforce agreements, or manipulate the present organisation of industry into other structural systems. And the demand for this latter varies in every degree, from the “innocuous” Whitley Councils, on the one hand, where representatives of the men are officially

consulted on such questions as the conditions of work, the comfort of employees, the dismissal of servants, and the like; to the full demand of the syndicalist, at the other extreme, that the State shall first "take over" industry, and then "hand it back" to the men, who shall hereafter own it and control it, electing and paying their managers, and dividing the profits proportionately amongst themselves.

We are exploring here a new field. All the demand for the "control of industry" by the manual workers is a product of post-war opinion. Before that upheaval, the Trades Unions were, for the most part, content to stand aloof from the organisation of industry, and to look with distrust upon Councils where masters and men in any particular factory would sit round the same table and identify their interests as one. They preferred to remain an independent external organisation, "squeezing" the industry from outside into better general conditions as a whole. Much of this work is experimental, and experiments are now being continued along many different lines. It seems doubtful if, in the immediate future, any definite legislative action will be required, beyond that of guaranteeing agreements as to wages and hours made in various trades, or levels of varying amounts in each trade, above the national standard. There may be required, also, in the National Unemployment Scheme, a State guarantee of conditions in the working out of the general idea that each trade, not without subsidy and assistance from the whole body of taxpayers, shall help to

carry its own unemployment. In some cases Whitley Councils are fully established, and working well. In others, profit-sharing schemes have been initiated, and appear to give satisfaction despite the opposition of some Trades Unions and denunciation by theorists as adulterous alliance with Capital. Labour itself is organising itself into " Guilds " in such activities as the building trade, and appears prepared to compete with private employers. A new push is being made in Co-operative Production, which, as compared with the story of Co-operative Distribution, has been a record of failure.

New Liberalism looks with favour on all plans for raising the status of the wage-earner; for giving him the self-respect and larger outlook accompanying association with the control and management of the industry. It welcomes the combination of workmen who are their own masters, and who will launch forth upon the work of supplying commodities with free selection of their own managers and directors. It would regard with the utmost satisfaction and without fear the development of that " Co-operative Commonwealth " in which widespread Capital owned by the many will result in more contentment, and perhaps a larger output, than the working of the machine by representatives of Capital owned by a few, with employees whose labour is bought and sold like any dead mechanical thing. But it is reluctant to use in any case compulsion, beyond the stage where such compulsion on the few is essential for the welfare of the many; and it is distrustful of large

upheavals, State-created, in a system of industry built up, as the British system has been built up, with little natural advantage, but on a principle of freedom and competition. Suppose, for example, the Guild Socialist idea were to prevail, and the State, with a Socialist majority in Parliament, were to expropriate the Lancashire cotton industry, hand over the mills and factories to the representatives of the men, tell them to appoint and pay their own managers, and to continue the conquest of the export trade of the world. What guarantee could the Parliament offer that this miracle of organisation and enterprise, fighting now, as always, against the fierce individualistic competition of half the world, would, as a matter of fact, be able to maintain its ascendancy? And who (again) could guarantee that if, through such an experiment, the ascendancy were lost, it could ever be recovered again, even if another Parliament, with an Anti-Socialist majority, attempted to reverse the decision and restore the ancient order? There are those who declare that social unrest will be met if men are paid a fair wage, and given leisure and security against unemployment, and allowed to appoint representatives to deal with conditions, and to investigate finance, and see that Capital invested in each firm receives no more than a reasonable proportion of profit. There are employers entirely willing to concede these demands, but who resist any idea of ultimate control by a Committee; deciding whether they shall accept an order in China or reject one in Peru, here work at a loss, here prepare for a future demand.

There are others, again, who believe that industry will approximate to the American model, where talent, wherever found, is immediately given its chance of promotion, and quite young men, selected from the ranks, instead of being left to "agitate" in "Labour Movements," are immediately taken into the actual machine itself, and given opportunities of promotion only limited by their energy and intelligence. These see organisation corresponding at last to "natural" endowments: those who are content to be "unskilled," and endowed with no talent for anything better, remaining unskilled; those, again, with ability for skilled work, being content with skilled work; those with higher energy and ambition, rising to higher places in management and direction. One can conceive of such a society thus organised, with opportunity offered to all, and the only limitations inability or unwillingness to accept that opportunity, in a State satisfying the demands of justice in a natural inequalitarianism.

However these ultimate things may be, it is evident that New Liberalism here, so far as State action is concerned, must move slowly, and above all, retain the great tradition of freedom. The responsibility of suddenly replacing a system which, whatever its deficiencies, does "work," for paper schemes which might not work at all, is a grave one. One can see and approve of certain general "standardisation" of conditions, to prevent (for example) undercutting of a wage standard. One can see possibilities of more general elimination of Capital's special reward for risk in the more

mechanical and established occupations. Railways to-day could probably run easily under a system of a fixed debenture return on Capital without the adventurous attraction of deferred shares. But in the world market, and amid an ever-intensifying competition against nations equipping themselves with ever more formidable instruments of energy and intellect, prohibition of all industry except that owned by the manual workers, and with directors elected by them, would seem a course of disaster. I do not believe that any elected Parliament will be found to forbid a man or combination of men building a factory, employing men who are willing to work for him on standard and legal rates of wages, hours and conditions, and adventuring into a home or world market, except under the condition that the workers themselves must manage that business and control its operations. The attempt has failed, and confessedly failed, in Russia, where at first the Soviet Government was set on protecting the people from foreign capitalistic exploitation; and later only, finding that such protection meant no Capital at all, welcomed the entrance of Capital on its own terms, so long as it maintained the standard labour conditions established in the locality in which it proposed to operate. We are very far off, it is to be hoped, from the condition of attempting this first disastrous experiment. For a country like Russia, with boundless natural resources, can learn by experience, and from experience recover. But a country like Britain, with practically no natural resources but coal, and a population dependent for its prosperity

solely on vigour, initiative, quickness of intelligence, boundless energy, no recovery would be possible. But in so far as freedom is retained, Liberalism welcomes all such association; being desirous, above all things, that wealth and Capital should be more widely spread, that the necessary increase of production should go to the betterment of all who assist in the effort needed, and that any scheme shall be adopted which allows talent, hitherto latent or suppressed by circumstances, to be used for the advantage of the whole community.

Relieve the oppressed. Hear the groan of poor prisoners in England. Be pleased to reform the abuses of all professions, and if there be any one that makes many poor to make a few rich, that suits not a Commonwealth. If He that strengthens your servants to fight please to give you hearts to set upon these things . . . you shall shine forth to other nations, who shall emulate the glory of such a pattern and through the power of God turn into the like.—CROMWELL to the Parliament after Dunbar, 1651.

## CHAPTER VI

### NEW LIBERALISM AND POVERTY

THE continuance of civilisation is incompatible with the continuance of poverty. That is the lesson driven home by the great war. It was in some degree being learnt before the great war. Europe was slowly drifting towards Socialism. And the spearpoint or driving force of that Socialism was no demand for complete equalitarianism. Still less was it any definite conception of the Socialist State. The Class War, the triumph of the proletariat, the fate of the "bourgeois parties," the destruction of Capitalism, and all the jargon of the theories of the new faith, would have had but little force but for the actual spectacle of poverty ; above all, the spectacle of poverty in the midst of plenty. That spectacle drove into Socialism leaders drawn from other classes—lawyers, professors, journalists and the like, some indeed *arriviste* and exploiting public discontent, but many sincerely outraged by the spectacle of a social organisation which accepted this degradation and unhappiness as a normal condition of human life. The material to be stimulated and inflamed was that mass of "wage slaves" who but dimly comprehended the disabilities of their condition. For these, life was only a long, helpless round of toil

from cradle to grave. For the majority, after the age of youth had passed, there was no hope of escape from the trap in which they were confined. Years passed, sometimes dulled, sometimes in active revolt; not indeed without acquiescence and some happiness and content, but always with insufficient leisure, often with insufficient food, with the prospect of unending toil at low wage, clouded by the fear of a time of enforced idleness with no wage at all; with the rearing of children amid squalid surroundings, who never had a chance of emerging from this underworld. Here were the feet of clay upon which was poised the golden image. Here was the crumbling foundation which might bring all the splendid edifice of a complacent and successful society toppling to the ground. It was a sign of something wrong in the body of the people, and a warning that this "something wrong" was a disease which might eventuate in death. No political creed could long be tolerated which did not preach some way of escape. No political Party could attract anything but the purely selfish interests of those who possess and accumulate, which could not exhibit actual progress through a year or a decade in the removal of specific, intolerable ills, and the slow or speedy elevation of the mass. Men went over to "Socialism"—artists, art critics, scientific men, whose intelligence was outraged by the stupidity of it all, poets and writers, who responded to the plea of compassion—just because they thought that they saw the orthodox parties occupied with comparative trifles, while the great body of capable

and lovable human beings walked in darkness all their days.

The older Liberalism was, perhaps, too much wedded to a theory. That theory was that the betterment of mankind would be best attained by freedom of opportunity, freedom of trade, freedom of competition, the removal of all the artificial bonds of exaction and enslavement which man had laid upon man. They believed in this enfranchisement as "progress," and they believed in no other way of "progress"—that any other way meant disaster in which the poor themselves would be the greatest sufferers. There was much in the time to justify their beliefs. The exactions of the dominant landlord classes at the beginning of the last century, with the price of corn kept up at a monstrous level in order to maintain their wealth, had reduced the British labourer to a condition in which he could be held up as an awful example for the wonder and pity of the whole world. The work of Liberalism in smashing barriers and emancipating whole classes from this domination has sometimes been interpreted as being merely the effort of greedy manufacturers desirous of increasing their profits by the provision of cheap labour. The facts are far otherwise. The strength of the liberating movement lay amongst the working people themselves. The object of it, as again and again expounded by such leaders as Gladstone, Bright, Cobden, was the benefiting of those who lay helpless at the bottom of the social order, without vote, property, fair income, or stake in the country. When Gladstone, as Chancellor of

the Exchequer, was tearing down tariffs, taxes on light, taxes on knowledge (despite the opposition of the House of Lords), or as Prime Minister constructing a national education system, or extending factory law and measures for the protection of women and children, he and his followers were concerned with but one object only—the warfare against conditions of material disablement which pressed so cruelly on the masses of mankind. And no one who studies the “progress” made during those years of emancipation, who compares the life (say) of the Lancashire textile worker then with his life to-day in any element which makes for material and moral welfare, but must be impressed with the enormous result this work of emancipation attained—a literal rising from the dead after a descent into hell.

And if the New Liberalism is driven now to demand a supplementing of that work by more direct and State-organised attack upon poverty, it is not with condemnation of the marvellous results already attained. It is rather with the consciousness that, improvement having been so attained, a policy which might have failed fifty years ago may greatly succeed to-day. Poverty, that is to say, though still terrible in extent, is seen to have been reduced to manageable dimensions. Popular education permits of an appeal which would have been impossible when life for the majority was bleak and precarious, doubtful even of the very means of semi-starvation. Great masses of the working people have raised themselves, in part by their own associated efforts, clean

out of the region of poverty. They enjoy high wages, considerable leisure, good food, and little fear of unemployment. These only need among the many a standard of taste and intelligence already developing amongst the few, to make them able substantially to contribute to an intelligent standard of citizenship; and to train their children of energy and talent to the highest offices of the State. There is no reason in the future why the home of, for example, the coal-miner should not as much be the centre of taste and culture as was once the home of the country parson, or why the sons of locomotive drivers or skilled engineers should not press into the public schools and universities, and replenish the professions and the Civil Services, denuded of their former middle-class supply.

With these great and organised and skilled trades thus raised above the region of poverty, that region of poverty itself becomes a more possible subject of political action. It includes masses of unskilled labourers, and almost all with large families. It includes also the inefficient and the unfit, the workers at dying, intermittent or precarious trades, and large numbers of women workers doomed to compulsory celibacy by the manhood losses of the great war. It includes also the ill-educated, and the old or ageing; the naturally indolent or stupid—the “C 3” population doomed to disability from early years, whose life, had the early years been different, might have been an experience of effort instead of a squalid endurance. It is increased by a population of tens of thousands when the working of the world periodic laws of

production creates the normal trade depression which follows the normal trade boom. And it is perpetuated by all the elements of a vicious circle which must be broken somewhere if the world is to be saved. Casual, drunken, unfit or unlucky parents breed families of ill-fed, unhealthy, half-starved children. And these children again, on attaining maturity, develop into the same casual, drunken, unfit, or unlucky men and women as their fathers before them. The great bulk of the unskilled labourers of England lead decent, hard-working lives. They often reveal so much intelligence as to cause astonishment that they are content to remain unskilled labourers. But before the war they were living for the most part on the margin of subsistence, or—as many economists asserted—a little below it. And since the war, although they have been better off in wages and food than ever before, so that some poverty districts in East London and elsewhere have been wholly transformed, that prosperity has been diminished by the gigantic rise in prices, it is scarred by certain new specific disabilities, such as the famine in houses, and it is itself hectic and feverish in character, with no certainty of its continuance, and no provision for its collapse.

The New Liberalism is attacking this vicious circle. It began at the most vulnerable point—the condition of the young and of the old. It first started the provision of food at the public expense for starving children. It added to this medical inspection and medical treatment of the children to eliminate preventable forms of disease.

It lifted the old from the fiercest torments of remediable misery. And it performed these offices of mercy amid the attacks of those who claimed to represent the classes which had to pay.

The revelations of the recruiting statistics have shown how great is the need for drastic and immediate action. It is evident that the provision of casual children's meals, or the giving of advice or some assistance to maternity, or insurance against sickness and disability, is merely touching the fringe of the subject. There is a kind of web or tangle of poverty, largely up to the present impervious to outside influences, which has got to be boldly attacked with drastic remedy. It segregates in special quarters of the great cities. It combines under-nourishment with over-crowding, lack of sufficient income with exaggerated hours of labour; dirty, cramped, unhealthy conditions, poor food, absence of room to live and expand and develop. Hitherto, most of the provisions have been but a way of escape—to provide the few with opportunity which will take them to another universe. The immediate task of the future is not only to encourage this ladder of opportunity, but to make that actual universe itself different from what it has ever been.

New Liberalism has spoken of this work as the Construction of a Platform. Below that Platform no human life shall sink. From that Platform upwards life shall mount and aspire to any position of command and enterprise life may provide. It is as if, for those drowning in deep seas, a raft were provided upon which they could all find some

refuge, and escape the last penalty of hunger and cold. And as if also progress from that raft to the land was made as easy and attractive as possible to all those stimulated to effort along a difficult way.

The Platform is based four square on four strong pillars. It is proposed to ensure for all men and women : (1) Wages adequate to the maintenance of efficient life in modest comfort, with the decent upbringing of children; (2) hours of work so limited that time is provided outside this period of drudgery for happiness, self-improvement, and the free existence of a human being with all a human being's need; (3) a decent house and, where possible, a piece of ground as a garden with it, in which can be raised in health and happiness the generation of the future; and (4) provision against those periods of unemployment which are produced by the fluctuations of the world market, over which the individual workman has no control, but which may, in a few months of enforced idleness, destroy all the standard of life which he has been building up for a decade or generation.

This policy of the Minimum, first introduced amid hostile criticism by the New Liberalism in the case of the sweated trades, finds now comparatively few opponents. It is sneered at by the advanced Socialists, who regard it as a compromise with, instead of attack upon, the "Capitalist System." They fear that the removal of the sharp causes of present discontent will cause the "wage-slaves" to settle down into a comfort which they regard as ignoble and contemptible.

The employers of the great organised trades, on the other hand, are for the most part now willing to pay the Minimum Wage for the Maximum Hours, finding this alone the condition of obtaining any labour at all. But in changed conditions undoubtedly efforts will be made to cut down present standards, and there are still large masses of workers, and especially of women workers, by whom this standard has not yet been attained. New Liberalism is demanding that this standard shall be guaranteed by law, as part of the recognised machinery of the New State; that it shall operate not only for some, but for all; and that the first charge upon any industry, through bad times and through good, shall be the maintenance of health and comfort amongst the workers. And the same applies to the standard of hours which in many classes—agricultural labourers, shop assistants, and others engaged in the system of distribution, especially the young—have been so prolonged as to have converted the worker into a mere machine of labour, and given the boys and young men no conceivable chance of rising to be “good citizens.”

The houses are no less important. The slums must go. At lowest they were an expensive luxury, for the benefit of whose owners the whole nation was taxed in the subsequent support of the life which was bred in them. At highest they were a shame to any society calling itself rational and humane. The slum confronting a population cutting expenditure to the bone, and in the midst of a people with scarcely enough total wealth to

support decent life, would be something of an outrage. But the slum and its tormented people placed in the midst of a civilisation seemingly of boundless extravagance and resource, ever devising more delicate ways of satisfying sensation in luxurious expenditure, is an offence which is rank, and smells to heaven. It is no edifying sight to see the rich, and especially the new war rich, ostentatiously proclaiming that the nation "cannot afford" the work of social improvement. The nation "cannot afford" to neglect for an hour the work of social improvement. And if all the four thousand millions of increased post-war fortunes which have gone for the most part into the hands of a few, were contributed by those few towards the removal of slums and the provision of homes, these wealthy grumblers would have little complaint against such a policy to make to any court or common opinion of justice. They would be as rich as they were before the war, in which the mass of the young men of Europe were unable to make any increase of wealth at all, and through which one-fifth of them will enjoy or endure neither riches nor poverty any more. The substitution of homes for slums, and the provision of fresh homes for those now having none, can only be effected by such large expenditure of money as will demand great sacrifice of wealth by those classes now fortunate enough to possess it. They will have an opportunity of proving their assertion that the experience of the war has created a new companionship, a new sense of unity and equality between all classes of the people. But it is only by such sacrifice—

the diversion of national spending from the private demand for luxury by the few to the public need for the necessities of the many—that, in the popular cant phrases, the “world can be made safe for democracy,” and England “a place for heroes to live in.”

It is lack of money, no less than official stupidity and a policy of extraordinary muddle, which is responsible for that shortage of homes for which the people are crying out to-day. As I write, the Government is adding yet another Bill to the mass of legislation, each contradicting the other, which they have already passed on this subject. I suppose when the time of testing and judgment arrives, and the whole efforts of the first Peace Parliament subjected to the approval or condemnation of the country, nothing will cause more indignation than its method of dealing with this vital problem. It first started State aid to the municipalities, contemplating that they should build 300,000 houses in two years. By such State aid it eliminated the private builder and speculator, who, in the past, has provided 98 per cent. of working-class dwellings. It refused to lend the money required to the big towns, who were compelled to attempt to raise it themselves; an attempt in which most of them failed. It suddenly reversed its policy, attempted the resuscitation of the private builder, and offered him a personal bribe, out of public funds, for every house completed. This bribe it has increased from time to time, without substantial effect upon the number of houses built. It held up skilled artisans in the Army demobilisation

until prices had risen to an almost prohibitive sum. It announced that it would break the ring of profiteers who were supposed to be holding up building material, and practically compelled the municipalities to buy from its own acquired store, which the municipalities found more expensive, inferior in quality, and quite unobtainable in delivery. Meantime building materials of every variety rotted and mouldered away in huge Government "dumps," where they lay in rain and sunshine, seemingly forgotten. It exacted rigorous standards of building and of surrounding air space, demanding that no more houses should be built as terraces or block dwellings, heedless of the fact that nine-tenths of the urban population, rich and poor, have lived in terraces for generations, and that terraces, and block dwellings also, are quite compatible with large gardens, parks, playgrounds and all the amenities of a garden city if cheap land is obtainable; with a big saving in the cost of building. It was heedless also of the fact that it was not only not keeping up with the demands of the population dishoused by five years of suspended building, nor able to demolish a single slum dwelling because the inhabitants had nowhere to go; it was making no provision at all for the normal and continued increase since the war, and it was seeing whole districts of the cities slowly or rapidly sinking into the condition of the slum. It was actually, that is to say, with all its efforts and expenditure, not merely failing to cope with past arrears: it was fighting a losing battle with the present. It preferred to spend in fantastic

and wicked adventure abroad the money which might have been devoted to the housing of the people at home. In one only of these adventures it dissipated a hundred million pounds in one year in fighting the Soviet Government in Russia, with for only result, complete defeat and ruin of its subsidised dupes and adventurers. That hundred millions might have provided some hundred and fifty thousand houses rent free for all time as gifts to the soldiers who had been wounded in the war and their families, and the country would have been no poorer. It was thrown beyond the Black and the Baltic Seas, instead of being used for the comfort of our own people, by a Government which seemingly preferred to make graves in Russia rather than homes in England.

All this is less party polemic than recorded history. New Liberalism will make the provision of decent homes a first charge upon the Exchequer. Before that demand foreign adventure in the waste places of the earth will have to go, and revived expenditure on militarism also; and all that frantic waste and extravagance which makes some men to-day wonder if they are not dreaming, as they contemplate the confusion around them. This relentless economy, provision by adequate taxation for paying off the debt, and especially the floating debt, and the reduction of an inflated currency, will go far to reduce prices, and provide that cheap money which is essential to the building industry. But this work cannot be undertaken on borrowing alone, and for many years it seems probable that housing will have to be subsidised,

as are to-day subsidised roads, parks, playgrounds, public buildings. The interest of the nation will have to be turned from the provision of luxuries for the few to the making of the necessities for the many. There are many methods which the present muddled Ministry of Health have refused which might assist in the construction of cheap houses. There need be less element of permanence about them. Contractors might construct simple dwellings on a large scale, as dwellings and whole towns were constructed, housing many hundreds of thousands of persons, during the war. Land purchased at a fair and not a monopoly value price might be thrown open to all who would construct their own dwellings at their own cost. A system of direct building might at least be given a fair trial. Bungalow towns might arise on the outskirts of the great cities, as bungalow towns have risen near the pleasure cities of the seashore, or as houses and cities arise with such rapidity in the settlement of a new country. All such methods, however objectionable to those who wish to see every one inhabit a brick house in a garden city, should be adopted in a country sick for lack of house-room. A "bungalow" of army hut or disused railway carriage, planted with free air round it, in a suburb accessible by train or tram, is at least better than a two-roomed tenement, housing families of five or ten, in the block-dwelling slums of Walworth or Wapping. In any case, and by many diverse ways, we should choose the second best when the best has been rendered impossible by the waste of war. Liberalism, once

more influential or in power, will see that this vital element of social well-being shall occupy the mind, and obtain first place in expenditure, of a Government whose main concern should be the welfare of its own people at home.

Unemployment is the haunting fear of the weekly wage-earners. Some classes, as, for example, the miners, have little fear of it. They are independent of the world fluctuations of trade. Others, such as the textile workers, have practically established agreements for countering these world fluctuations by a system of short-time working in periods of depression. But many highly skilled trades—the engineers, ship-builders, iron and steel workers, bricklayers—were before the war subject to periodic depressions which threw large numbers of men who desired to work into long periods of enforced idleness. And the position of the unskilled worker has always been precarious. It must be recognised that unless the war has made a profound change in the development of industry and trade, these periodic variations will continue to recur. Their cause and origin are obscure. To some they appear connected with variation in the harvests; to others, variation in credit, which becomes "saturated" in times of trade boom, and which produces a temporary "over-supply" of commodities. And there is always something a little ironical in this evidence of "over-supply" in a world where a vast majority of the inhabitants are crying out for those very commodities for which there is, from time to time, no effective demand. The world outside, or our people at home, have never enough of clothing or

cotton goods or houses or furniture or boots, even at the time when the machinery is standing still in the factories which produce these goods, owing to the fact that there is no effective demand for them. The best way to "steady" industry is to increase the producing power of the mass of the people. And that can only be done in two ways—by increasing production as a whole, and by ensuring a fairer distribution of that increased production as between the few and the many, the rich and the poor.

But even if this be effected, the problem of periodic trade depression and expansion would still remain. It is not the product of the "Capitalist" system. It could not be cured by the substitution in this country of a Communistic society. So long as Britain is dependent on the world market—and it is the command of the world market which alone provides comfort and decency for the crowded city populations of this island—for so long will the demand for the products of this island vary from year to year. In periods of trade boom there is practically no unemployment in skilled labour, and very little in unskilled. The proportion sinks down to less than 2 per cent. Ninety-eight out of every hundred of the working people are working at full time. Orders are turned away to foreign countries for lack of skilled labour here at home. The only unemployed are the sick, the inefficient, the old, the restless, the unemployable. In the bad days, however, the proportion may advance to 5, 6, or 8 per cent.; and scores or hundreds of thousands of workers find themselves

condemned to the dismal search for work, and the gradual disappearance of the family possessions to buy food and shelter. Few workmen have not, at some time or another, passed through this experience. The memory of its misery is burnt into their lives. They have come to fear its recurrence as the greatest calamity which can befall them. The "going slow" in industry, the reducing of production, the opposition, still existing, to labour-saving machinery, many of the other hindrances to increased output, are largely due to the belief that increase of that production will create a surplus of products, and consequently will throw large numbers out of work. No general increase of production is possible until the problem of unemployment is solved.

This particular kind of unemployment should evidently be provided for first by insurance. Attempts to employ skilled labourers on "relief works" always fail. In digging wastes and making holes in the ground to fill them up again, they are employed in "work" which is useless to their trade, and often deleterious to their skill. Insurance should be established trade by trade, and probably with greatest efficiency by the Trades Unions. Each trade, that is to say, should have its own insurance, subject to State subsidy in addition, whether that trade be seasonal or periodic or even casual in character. The Trade Insurance Fund should, as far as possible, be managed by the representatives of the men themselves. And the amount of out-of-work pay should be substantial, although in every case less than the wages of

employment. The timid and ineffective attempt which has been made by the Government to provide an entirely impossible minimum for all trades alike, regardless of the amount of casual or permanent labour in each, is a mere playing with the issue, or rather an attempt to substitute an easy and useless system for one which demands thought and a real knowledge of the problem.

There remains the problem of the class somewhat unfairly termed the "unemployable." They are not "unemployable," because, as a matter of fact, almost all of them can do something. They fought in the great war; or they found themselves able in some degree to take the place of those who were doing the fighting. But the majority of them—and this is almost the definition of the class—are unable to give steadily to the community wealth-creating power adequate to the minimum standard which the community must give them in return, to maintain them in subsistence and comfort. Some are living in "secondary poverty" (to use the jargon of the economist); poverty, that is to say, which is of their own creation, and from which, with effort and will-power, they could escape. The strongest creator of secondary poverty is drink. And experience has shown how this can be substantially reduced by limitation of hours during which drink can be sold, and by other methods of removing temptation from weak and unbalanced minds. Another cause is specific disease, and here also controversy rages as to the best means of reduction, or even (in the vision of the optimist) complete elimination. Could this be effected,

thousands in this generation, and tens of thousands in the generation to come, would be lifted out of present disabilities into a new life. We may hope that with such measures of direct attack on ill health and its causes, with the abolition of the slum, the campaign for attention to bodies as well as minds of children, from birth and before birth, and with the lifting of whole classes from "sweated trades," this problem of the unemployable, formidable at present, may diminish with each succeeding decade. Meantime, however, it has to be faced. It is faced to-day inadequately, and to a large extent brutally, by the Poor Law of 1834. That Poor Law saved industrial England from collapse into a spongy mass of effortless idleness. It was a necessary amputation of relief as a subsidy to wages; and it cured, although with immense suffering. But the penal apparatus it set up has no redemptive power. It cannot, like Bentham's famous Phalasteries, "grind rogues into honest men." It has somewhat of the same destructive effect as the British prison system. Practically every effort made to raise this class into creative and self-respecting life has been made by private charities and religious societies, independent of State effort. And the Poor Law, although continuing, at enormous expense to the community, to guarantee that no one shall perish of hunger and cold who prefers degradation and rough treatment, performs no function in the modern State adequate to the immense cost to the community. That community will, sooner or later—sooner rather than later—be compelled to

recognise that it cannot afford thus to keep populations in idleness, even if the fear of a similar fate is keeping other populations in intermittent work outside. Liberalism looks with doubtful approval on "Right to Work" Bills, which carry with them the commitment of those who are alleged to refuse work to penal colonies at the judgment or caprice of officials running such a scheme. Such a drastic method of cutting the knot might give rise to one of the most dismal tyrannies the world has ever seen, with masses of men becoming slaves of the State instead of slaves of private persons, and no better or happier for the exchange to such a cold, impersonal master. Liberalism will maintain as a last resort that a man shall go free, if go he pleases, up and down the ways of England, unless convicted of some specific crime. It is not in love with philanthropy or State kindness which has to exhibit its charity behind high walls or inside guarded doors. The two Reports on the Poor Law—Majority and Minority—having so much in common that it is distressing to find unanimity, with whatever needed reservations, absent, show at least a more excellent way. It is impossible, within the outline of such a volume as this, to deal with all the methods by which such a problem will be attacked when Liberalism is again in power. Such methods must be as varied as human nature itself is various. It is sufficient to say that this problem will form the test and kernel of Liberalism's claim to mould out of the present chaos a new society. By assistance to a mother even before the birth of the child, by the endowment

of maternity and widowhood, by the supplementing of the first attention of the home with food and medical attendance when required, by the giving of light and air, sunshine within and without the home, education which is not merely a stuffing in of facts, but a development as much of body as of mind, the supply of this particular form of poverty may be cut off or largely reduced at the source. And as it exists at the present, by the provision of health and training, the removal of the sources of temptation, emigration for some, a varied occupation at home for others from unsuitable to suitable industry, the opening of fresh avenues of employment, the use of all voluntary social and religious enthusiasms, the whole difficulty which has saddened the compassionate and baffled the wise, might gradually pass away. Let no man who has seen the progress already attained from that great, neglected mass of misery and degradation which represented industrial England a century ago, despair of such a similar improvement, through similar enlightened effort, as will make in a few generations the record of English slum-life but a memory of bad dreams.

Here, then, are the corner-stones of New Liberalism's war against poverty—proclaimed before the war, suspended by war activities, made more imperative by that war's victorious conclusion. Together they represent a definite advance on the old belief, enduring through the ages, and fortified by the great Malthusian illusion, that mankind could only be persuaded to work by the scourges of hunger and cold. To this the illusion added

that, as when men lifted themselves from the margin of existence, they immediately commenced to reproduce themselves beyond the increase of subsistence, they inevitably reduced themselves again to the same condition of misery. We know now the grotesque untruth of that theory which lay heavy on the souls of whole generations, whose hope for men's gradual improvement was thus changed to darkness. The means of subsistence multiply faster than men's reproductive powers, and the raising of populations to a higher standard causes a diminishing, and not a rising rate of increase of population. These two facts have blown that dismal conclusion to atoms. Man has risen by reason above the blind struggle for existence of plant or animal, in which Nature appears careless alike of type or individual. He is reversing the "Cosmic Process." He is defying the blind gods of Chance and Necessity. He is determined to establish, not only beyond the fixed stars, but here on the solid ground, some kingdom of righteousness in which, if merit is rewarded, poverty is unknown.

Only New Liberalism cannot guarantee progress without incentive. Hitherto the machine of society has been kept going by two motives, the whips and spurs of starvation and misery on the one hand, the stimulus of reward for effort on the other. There are some with the old Toryism who say that the first is still necessary. But that first was abandoned when the Elizabethan Poor Law imposed upon the whole nation the obligation of keeping the unsuccessful alive; and all subsequent

progress and advance has been progress away from its brutalising demand. There are others, again, amongst the idealists or realists attempting communistic experiment, who would cut off the second of these impulses. They would establish an equality which would allow no prize for unusual talent or energy, trusting that patriotism and general desire for fellowship and welfare will cause every man to work his hardest, animated by the sense of duty to the whole community. Liberalism can entertain no such pleasant illusion concerning the effect of State service amongst the masses of mankind. Even those who most possess this quality and are most often pointed out as illustrations—the British Civil Service of men of unusual talent, who devote their lives to the public good for miserable monetary reward and few of life's prizes—yet find satisfaction in Power, work which calls forth their highest energies, and the maintenance of a standard, and a pride in that standard, which somewhat resembles the Samurai of old Japan or the Jesuits of the Catholic revival. How that standard can be destroyed by the introduction, not of anything conspicuously criminal, but just the normal habits of the daily life of a business community, has been exhibited during the war and its aftermath in the dilution of the Civil Servant by the business man. Liberalism cannot guarantee the continued prosperity of an equalitarian state in a world of fierce competition. It does not believe that competition in itself is something either undesirable or immoral. If it could not have an equalitarian State even if it would, it would not

even if it could. It desires to offer equality of opportunity for all. It desires to establish a platform of wages, hours, health, housing and comfort which every efficient and honest citizen can obtain. But if it believed that humanity, in performing the work necessary for the attainment of that platform, would settle down into acquiescence in that attainment, it would have no hope for the future of the race. It sees a universal "Socialism" passing into a universal death. Rather will it combine that equality of opportunity with the utmost diversity of reward. It will encourage all to effort, always difficult, to raise themselves from that common level by any diverse talent, genius or fierce energy each possesses or can cultivate; some in the service of the community; some in industrial enterprise; making new discoveries in science and its application, adding to the literature and art of men's common enjoyment, organising and managing big businesses, competing with their neighbours and the world outside in all the amazing enterprises still open to a humanity which has but just scratched the surface of the world, and is as yet in the morning of its day. And to those who have rightly utilised these many talents, will be provided adequate reward. To those who have refused to respond to the call of the world for service, the reward will of necessity be denied. Liberalism does not know how to work a world where freedom for full development is as necessary as the preservation of the less endowed from destruction. It can guarantee justice to the dispossessed, the using of all the resources of the

community to remove poverty and the disabilities which poverty brings. It looks for a time, it can see the possible realisation of a time, when democracy may become social as well as political, and all men given an equal opportunity, in all essential matters of healthy body and trained mind, for the great adventure of the world. But in that adventure, such reward as human life desires must be given as an incentive to those who are prepared to put forth unusual effort for its attainment. And the man who has made ten blades of grass grow where one grew before, or drained the swamps, or irrigated the deserts, or built great cities out of waste places, or increased by skill and effort the wealth of the world, must be encouraged by the only return that to-day appeals to the mass of men, in the giving of power and plenty, and a standard of life for himself and children sufficient to make him continue his efforts, and others desire to follow his example.

*We want to do something to bring the land within the grasp of the people. We want to put an end to the system whereby the land of this country is retailed by the owner so that there should not be an extra grain of breathing-spaces. The resources of the land are frozen by the old feudal system. I am looking forward to the springtime, when the thaw will set in, and when the people and the children of the people shall enter into the inheritance that has been given them from on High.*—MR. LLOYD GEORGE at Liverpool, 1909.

*Year by year the value of that land and house passes out of the man that built it, who sweated for it, who raised money for it, into the hands of the man who never spent a penny in erecting that house. What do we say? We say the country has need of money, and we are looking out for some one to tax. We do not want to tax food; we will tax no man's raiment; we will not tax the house that shelters him and his family. What shall we tax? We do not want to tax industry; we do not want to tax enterprise; we do not want to tax commerce. What shall we tax? We will tax the man who is getting something he never earned, that he never produced, and that by no law of justice and fairness ought ever to belong to him.*—MR. LLOYD GEORGE at Carnarvon, 1909.

## CHAPTER VII

### NEW LIBERALISM AND THE LAND

THE land of Britain is in part (through State or municipality) owned by the people of Britain. It is in part owned by great corporations, semi-public or philanthropic in character, such as the Commissions and Trusts of the Established Church, the great hospitals, and the Colleges of Oxford and Cambridge. It is in part owned by private persons. There are Acts now on the Statute Book by which State, municipality or council can acquire land in almost any quantity, if they are prepared to pay a substantial price for it. Land is also being sold in great quantities since the war, and the bulk of rural land in private possession will probably have changed hands in the next ten or twenty years.

There are those who advocate the "nationalisation" of all the land of Britain, and its acquisition by the State. If that land is to be bought at present value, it is a little difficult to see what advantage the State is expected to gain. If it wishes to try farming on a large scale, it possesses, in the Crown lands, land adequate to such experiment; or it can purchase any quantity of land now selling in the open market. It is true that this can only be purchased at an inflated value; and the history of all such prices given for land required

for public purposes is the history, in a famous phrase, of a "black retinue of extortion." Liberalism cannot for a moment acquiesce in the present system of inflated prices, or the divergence between rateable and purchasable value.

Yet, so far as agricultural land is concerned, one must assume that the State, if desiring complete ownership, will be prepared to pay a fair price. And the first question is, Would such a purchase pay? If it purchased all the land of Britain, and issued fixed Land Bonds in payment, whose interest would be paid by the rent of the land, or profit of State farming, or the taxpayer, the advantage of such a bargain would depend entirely on the answer to the question, whether British land is likely in future to increase in value beyond not only its present agricultural value, but its present price as including also the speculative element in it? My own impression is that, so far as rural land is concerned, the bargain would be a bad one. I do not believe that the present high price of agricultural produce can be maintained by any artificial bonus or contribution, extorted by taxation or tariff, from the town populations. I believe that the present world scarcity in staple products is transitory only, and that, especially when aided by the great migrations from Central Europe which are inevitable directly facilities are provided, the cereal output, at least, will overtake population growth, and once more send down the price of food in the international market. No Government will be able to exclude the British consumer from the facilities which he once enjoyed in that international

market. Cheapness will be assisted by the enormous improvements now taking place in the machinery of transport. The land which has been artificially placed under wheat will again find wheat-growing an uneconomic proposition in competition with South Russia, Australia, Canada, Argentina; and a fall in the price of produce must inevitably be followed by a fall in the price of rural land.

Great quantities of land, again, are being bought by the sitting tenants, often at high prices, and only by aid of heavy mortgages. I can see no advantage in the compulsory expropriation of these tenants in order to effect a satisfactory theoretical "nationalisation" of all the land of Britain. There would be the fiercest opposition, and no corresponding gain. Nor do I believe that the practical, difficult operations of farming will ever be conducted satisfactorily under the control of a Whitehall inspectorate.

If therefore the principle of the nationalisation of land demands its purchase at present prices, with the owners retiring with the booty, and the nation saddled with the debt, Liberalism would require far more expert certainty than is at present available that this would be a good bargain to the nation before effecting so gigantic an enterprise. But if that principle is merely the assertion of the supreme overlordship of the nation as a whole over the land for which it has fought, and in which its future development is confined, Liberalism accepts it to the full. Land is a monopoly, and a limited monopoly. Its intrinsic value was created by no man. In the agricultural districts that value is

partly inherent in itself, in its natural fertility as a food-producing agent. It has been in part created by the present owners and their predecessors in expenditure on tillage, manuring, drainage, and the provision of farming equipment. It is in part due to the effort of the nation as a whole : the erection of great markets in proximity, the provision of transport, the sense of security by resistance to foreign invasion, the preservation from the actual havoc which foreign invasion brings. Present owners do but act as trustees for the working of this monopoly for the advantage of the nation. And in any case where they are not fulfilling that trusteeship to the best advantage, the nation has a right to step in and ensure its best development. In the case of town lands, practically the whole value is the monopoly created upon heath, meadow, or marsh, desert or agricultural land, by that town's development. In so far as high rents are reflected in this monopoly value, they consist of publicly created wealth flowing away to private persons. This publicly created wealth should go to the public; and the "bursting of the land monopoly," as Mr. Lloyd George describes it, is in the forefront of the policy of the New Liberalism.

But Liberalism has no objection to State purchase of land on the largest possible scale so long as that is an economic gain and the State is not let in for a bad bargain. In so far as the supply of rural land is ample, and the element of monopoly value is wanting, it has no more desire to nationalise agriculture than any other industry. It only steps in when the demand for land for direct cultivation exceeds

the supply; when in a quantity of land limited in area, access to it is forbidden to the small man in the interest of the big; or where other uses, irreconcilable with the maximum of food production, are competing with, and destroying the use of land for that fundamental purpose. Land is the "tool" of the rural labourer. It is the raw material of his industry. His demand for it should be the first need which the State should supply. Before such a demand all other interests should stand aside.

In Britain, to which the Revolution never came, alone in Europe, the rural labourer is a landless labourer, owning neither cottage nor estate. There is no doubt that large quantities of British land will provide its maximum production in peasant holding and cultivation, in the system which extends from Ireland to the Caspian Sea. There is no doubt also that in those parts of the islands where the conditions are suitable, there is a great desire among the labourers to obtain independence, and a chance of rising through their exertions to other conditions than those of a weekly wage-earner. Generous promises were made to the soldiers who fought for British soil, of a new opportunity to be given to them in the land they had preserved from the enemy. A very large number of such soldiers expressed desire for settlement on the land. These promises were not fulfilled. The idea that you can substantially reduce the number or lighten the pressure in the towns by attracting to the hard life on the land a town-bred population is probably chimerical. But undoubtedly a "new start" could be made in large portions of Britain by turn-

ing uneconomic holdings into economic, by splitting up great estates, by satisfying a land hunger which still exists, and by a settlement which would give opportunity for advancement to the landless men of the countryside.

Such at least is the policy of the New Liberalism; and this a continuance of the old. It desires to see as many as possible direct independent cultivators of holdings, small and great, on the land. It desires waste land and pleasure land to be converted into food-bearing land. It believes that strength and stability may come from a free peasantry, which is lacking in a country of large estates and labourers without material possession.

A far more vital problem is raised by the fight which was waged by the old Liberalism, and will be maintained by the new, for dealing with the monopoly value of the land already created, and being created, by the growth of the great cities. Here is an example of a diversion of communal wealth into private channels which has troubled the minds of men since the cities began. As energy develops trade, attracts population, opens factories, builds houses, so the monopoly value of the land on which the city is built, and of the land surrounding the city, on which it alone can expand, ever doubles, trebles, or multiplies a thousandfold. Those who own this land, many of whom have never heard of the city, and most of whom have done nothing to further its progress, are able thus legally to "blackmail" the city's inhabitants, and to levy tribute increasing in proportion to the city's need. They "toil not, neither do they spin," but, as

absentee landlords, see their wealth increase through the labour of others. Every fresh improvement made in the city is paid for by rates levied on the annual value of the buildings, and on the land estimated at its annual value as waste land or for agricultural purposes. But every fresh improvement adds directly to the capital value of that land, upon which practically no rate is paid at all. The unfortunate citizens know, therefore, that with every penny they spend to develop their town, and to make it more attractive, they are putting up the price of the private-owned land against themselves whenever they want to purchase it. They are engaged in the uncongenial work of cutting their own throats. There is hardly a city in Britain which has not suffered from this monstrous system, for which, indeed, in public argument, there is no defence at all. There is hardly one of the British landed families which has not thus drawn immense "unearned increment" from the work of others, to which it has contributed just nothing. It is a tax on energy and industry, vindicated by no natural law of justice or convenience.

In 1909, in a famous Land Campaign, Liberalism advanced to the attack all along the line. It was this iniquitous system in the towns, far more than any general resentment against the land monopoly of rural England, which gave that campaign its passion and its triumph. And it was the towns which responded to Mr. Lloyd George's appeals, and in two successive elections broke the power of the landlords and the House of Lords. The actual and immediate results of that campaign were small. A

small tax on increment, a small tax on reversions, a tax on undeveloped land of a halfpenny in the pound, represented perhaps a too scanty harvest for so vigorous a sowing. But the valuation of unused site apart from building was recognised by all as being the centre of the whole matter. Landlords or reformers feared or hoped that this valuation would prove the starting-point of a larger policy. "This Bill is a beginning," said Mr. Lloyd George triumphantly, "and with God's help it is but a beginning."

Ten years after, with or without God's help, this Bill was proved to be an end. Liberalism looked on, saddened and amazed, while the new Parliament destroyed all the results of the vigorous campaign. The Coalition dug the grave wide and deep. They flung into it the Land Taxes of Mr. Lloyd George, the Land Valuation of Mr. Lloyd George, and the Land Policy of Mr. Lloyd George. They dumped earth upon it. They stamped down the ground over the grave. They set up a stone to commemorate their victory for testimony to the passing stranger. "Here, buried for ever, lies the Land Crusade." And finally—so that there could be no doubt at all as to their triumph—they extorted from the taxpayer of the present every penny which had been paid by the landlords as Land Taxes in the past, and returned two millions of money, as an unexpected windfall, to the landlord owners of the increment of the urban lands of Britain. Never, it would seem, was a cause so sensational and utterly destroyed.

New Liberalism was not alarmed by these antics.

If it lamented a lost leader, it refused to acknowledge a lost cause. It knew that this thing is justice, and that, sooner or later, justice comes to pass. This victory of the Interests is but transitory. They will live to regret their handiwork.

Liberalism will continue to assert the truth of two great principles. The one is that if land is acquired by city or State, it shall be acquired at the capitalised value of the rate it pays as its fair contribution to the one, or the tax as fair contribution to the other. The second is that the land values which have been created by the city's energy and the nation's security shall make special contribution to the needs of city and nation. Not only will such a contribution directly relieve the heavy imposts now laid on all city development: it will act as a direct incentive to develop land to its most profitable use, and prevent its wasteful "holding up" until it has attained a monstrous monopoly value. In taxing site values you are untaxing houses, and thus making a direct contribution to the provision of homes for the people. "It is all very well to produce Housing of the Working Classes Bills," said Mr. Lloyd George; "they will never be effective until you tackle the taxation of Land Values." In his own characteristic fashion he has described the effect of the present Rating System. "The worst of the present system is that the moment a man neglects his property he escapes rates; the moment a man begins to improve his property he is fined as a ratepayer. A shopkeeper extends his premises. A great workshop is erected. The rate assessor comes down

and says, 'Information has been laid against you, sir, that you have extended your works, that you are providing more employment for hundreds of workmen. Are you guilty or not guilty?' He says, 'I cannot deny it.' Then he says, 'I fine you £50 or £100 a year as long as you live, and don't do it again,' and he goes on to a moorland near Leeds—not a building in sight, nor a plough on the land, no sign of one. Then he says, 'This is all right; no improvements here;' and he meets the proprietor and says, 'What are you doing with this land?' The proprietor says, 'Ha! I am holding it up until Leeds people want water; then I am going to charge them eight hundred years' purchase for disturbing my pheasants.' The rate collector takes him by the hand and says, 'It is such men as you who make the greatness of our country. We will only put you down twelve shillings an acre. We have got to put something down.' He goes home feeling that he has done his duty. But somebody meets him in the street and says, 'Have you heard that Mr. Brown has added a bathroom to his house?' He says, 'I don't believe it. I will go there at once.' He goes and says, 'Is this true I hear about you, that you have put in a new bathroom to your house?' He says, 'I am sorry.' Then he replies, 'Two pounds added to your assessment, sir,' and he walks home past a slum district and he says, 'No baths here, anyway.' He meets the proprietor, and he just asks him the question. The proprietor reassures him on the spot. He says, 'No improvements about my property. Dilapidation and disrepair. They

are not worth as much now as they were five years ago.' He takes him by the hand and he says, 'Well done, thou good and faithful servant. Go out and write quickly thy assessment down by fifteen per cent.' *You think I am caricaturing. That is the Rating System of England.*'"

New Liberalism will take up the work of the old. For here is a question of unchanging import and result, altogether independent of wars and revolutions, as operative in the New World as in the Old. The present Land System in Britain is the legitimate father of the slum; and the slum will never be conquered until that system is changed. New Liberalism is out to conquer the slum. Every attempt at direct or indirect attack—direct by public expenditure on improvement or clearance, indirect by the substitution of alternative garden cities or suburbs outside, where children can be brought up in health and happiness—finds itself perpetually checked and hampered by this most indefensible of all monopolies. In the spirit, if without the guidance of a leader who once saw clearly into the heart of the problem, and by his challenge to a great monopoly evoked the passionate loyalty of multitudes of poor men, New Liberalism will go forward in the work of reform.

*We swore that we would create Italy with, without, or against the existing power.*

*You are not a national Government in Italy. Herein lies your sentence—the secret of the actual state of things and our eternal right.—MAZZINI.*

## CHAPTER VIII

### NEW LIBERALISM AND IRELAND

IT lies out there in the Atlantic; sometimes a suppliant; sometimes a rebel; never in the least degree acquiescent or content. Other countries have a variegated history of different events from decade to decade, and century after century. This country has but one interest, continued monotonously through all the centuries: the one interest of revolt, active or passive, against alien rule. Periods of quiescence sometimes succeed periods of passion; and in the silence the aliens who rule her believe that they have conquered by kindness or broken by terror the determination of Ireland to be free. They are always mistaken. These periods are but those of recovery from the calamity of the last outbreak, and preparation for the next attempt for the attainment of liberty. It is a fever burning in the body of the nation, now inflaming to a delirium, now reduced to the exhaustion which inevitably follows. But there is no health or tranquillity possible, until the poison which feeds that fever be removed. Such a fever burned in Italy for the seventy years after the Congress of Vienna had placed her under foreign rule and petty despotisms. And not until, with the profound sympathy and active help of Liberalism in Europe, and

especially of England, Italy had stood up, united, triumphant, liberated, was the disease cast from her, and interest again possible in the concerns of the world. To-day, while the world is being set free, Ireland remains in prison; while her torments are seven times increased, and no one listens to her appeal. In the name of self-determination we have torn the component parts of Central Europe in pieces. We have "Balkanised" Austria and the regions which were once Western Russia. We have started on the perilous path of independence nearly a score of little republics, each hating the other, each raising tariff barriers against the other, each willing to injure itself if only it can do greater injury to its neighbours. We have raised Poland from the dead and equipped it for adventure in Imperial domination over millions of alien race. We have sedulously carved out districts where—so faithful are we to this sacred principle—in various "zones" the population itself decides by plebiscite to which country it would prefer to belong. And all the while we are preaching this doctrine of nationality and independence in the world, not without that slight snuffle in the throat from which England can never quite free itself when it is lecturing Europe on the way to behave, we draw a screen across Ireland and hope that Europe will forget that it is there. For Ireland, and British rule there, not only represents the denial of everything that Liberalism has ever stood for—it represents the denial, by the most powerful of the victors of the world-struggle against Imperial

domination, of the very principle for which five million men have died.

When the screen is removed Ireland is seen to be ruled by such conditions of tyranny and oppression as Germany never paralleled in Lorraine, or Russia in Poland, or Austria in Italy. Attempts are made to terrorise a whole nation into loyalty by an "Army of Occupation," with tanks, machine-guns, bombs, aeroplanes and all the latest instruments of destruction. Public meetings are prohibited. Newspapers are suppressed. The elected Members of Parliament are thrown into gaol without trial at the will or caprice of the Executive of the conquerors. The police or military raid any houses of any one they please, and arrest promiscuously persons of prominence or obscurity. Efforts are made to suppress opinion by bullet and imprisonment, efforts which, so far from convincing, here, as in all similar national resistances, but inflame the passion for martyrdom, especially among the young. The ancient legal protections of the subject from tyranny, such as "Habeas Corpus," are suspended by the maintenance of the Defence of the Realm Act, devised to meet the circumstance of peril and desperate war, and now continued by an outrageous legal fiction for quite other purposes. The system of *Lettres-de-cachet* takes their place. The extreme forces of resistance here, as always in similar circumstances—in Poland, in Italy—take to active assassination of police or military, the burning of barracks and great houses, the destruction of the property of

the terrorising Government. And the mass of the people acquiesce or approve. The plea goes out to all lands for sympathy and succour, and in all lands there is sympathy. No Englishman can fully realise what an ugly thing this rule in Ireland appears, now when the Treaty was to bring peace and the League of Nations justice in the world. But in the general collapse of credit and civilisation there is no nation which is likely to undertake a crusade for the cause of Ireland. The children of Ireland, scattered through distant Dominions and driven to far-off places, can indeed injure their enemy. They cannot aid their own people. The possibility of peace and permanent understanding with America, once seemingly so near, and always so overwhelmingly desirable, is vanishing over the horizon. For Ireland stands between that union, forbidding it, less by the activity of its resistance than by the violence of its despair. The possibility of closer union and understanding with the other free nations which make up the British Empire is endangered, if not forbidden, by Britain's present treatment of Ireland. For all of them are unanimously in favour of Ireland's liberation. And the reference of Ireland's problem to a conference of them all—a reference promised by the head of the Coalition Government on its formation—would inevitably result in a declaration that Ireland within that Empire shall be given the same status and liberty as themselves. Meantime this spectacle remains, the blackest spot upon the surface of the civilised

world; as a great Liberal leader once described a condition not in essentials dissimilar, the negation of God elevated into a system of Government. And, as if to complete the irony, this system is maintained under a Prime Minister with a following still claiming to be Liberal, and living in the tradition of Gladstone. But in high places in the Government are men who taught the Irish people that rebellion "paid." They organised armed resistance to Parliament. They imported rifles from Germany to shoot down British soldiers or their own fellow-countrymen. They were lightly embarking on Civil War in Ireland and England a month or two before Europe fell to pieces. And they have set a precedent of opposing constitutional authority, not by change of opinion recorded in constitutional ways, but by the defiance and armed revolt of a section against Parliament, which is likely to prove a menace to the future, and has rendered all criticism by these persons of "Direct Action" a contemptible hypocrisy.

Ireland, at least, must be (in the popular jargon) an "acid test" of Liberalism, old or new. It is in its attitude towards Ireland that abides its immediate claim for vindication in the judgment of time. It was for its faithfulness to the cause of justice to Ireland that it passed out into the wilderness, and that its greatest leader, in his attempt beyond man's allotted age to wrestle with the accumulated wrong of six centuries, was beaten down by lesser men. Liberalism has as perhaps its greatest duty, the settlement of a problem whose existence is a

reproach from Liberalism throughout the world : at once a danger in the temporal kingdom and an outrage and wrong in the kingdom of the spirit. And until Liberalism can effect or recognise a solution of this problem, Liberalism has no right to lay down its arms and abandon the field to others. Nor has any past Liberal policy ever been demonstrated as more unchallengably justified than the Liberal policy with regard to Ireland. The very Tories of the second and third generation, if honest, now recognise that their fathers were wrong and their opponents right, when the latter demanded, and the former resisted, the first moderate Bills for the granting of self-government to Ireland. And the true "Imperialist," in the sense of one who desires the preservation for indefinite time of that alliance of free English-speaking peoples which is termed the British Empire, has been proved to be the old statesman of whom it was said, as of another, that "the best of it is that he is now proved indubitably to be mad"; and not the politicians who, by the mobilisation of the forces of race, religious and class hatred, to the protection of alien rule, denied a settlement which might have been honourable and final. But the problem of Ireland is as that of the Sibylline Books. After each refusal, less has to be purchased at a greater price. And the folly of each successive denial, untaught by former experience, is only recognised in blear-eyed fashion when a more onerous bargain alone remains possible. The defence of self-government in Ireland, indeed,

largely resembles the paradox of Free Trade. In the Tariff controversy the Imperialists attacked free imports, with their dependence on foreign supply, as being perhaps tolerable in peace, but leading to ruin in war. The defence was mainly upon peace necessity and the hope that free exchange would tend to make war impossible. But when war came it was proved that the Free Traders had been the real Imperialists. The victory of the Allies was alone rendered possible by the British Free Trade system, the variety of supplies from neutral countries which it was able to obtain, and the gigantic mercantile marine which was the creation of Free Trade. And so with the problem of Ireland. Ireland, oppressed and impotent in peace, is found to be necessary as an Ally in war. A moment arrived when, if the Liberal legislation, so bitterly opposed, had been put into force, and the offers of national service by the patriotic leaders of Ireland accepted, the long conflict of centuries would have been concluded in honourable peace. That moment passed; the Conservative Party in the State remaining still implacable, the Liberal Government, wrongly or rightly, refusing to endanger the unity of Britain in its desperate struggle for existence. Since then the condition has steadily worsened. Revolt has evoked reprisal. Those who regarded the native Irish as a slave race, and mocked at their belief in Ireland as a nation, have been given a free hand at repression. The nation has been maddened by that repression, and at the same time converted into a spirit in which all

moderate men have gone over to the extreme leaders. And the problem to-day is of a kind to excite despair in the minds of all who wish well to two nations whom a little magnanimity and courage and understanding might have joined in friendly alliance for all time.

Yet the problem must be faced, and in the only possible Liberal spirit—trust of the people qualified by prudence, rather than distrust of the people qualified by fear. Liberalism will be compelled, when again in power, or supporting a Government in power, to make one of those great acts of clemency and healing which mean great risks, which are fiercely denounced by contemporary Conservatism as betrayal of British interests, which are recognised by all succeeding generations as having been the only method by which—on even the narrower test—British interests could be preserved. Such was the gesture which gave a constitution and self-government to Canada after a rebellion and in a land seething with what the Tories of the day termed disloyalty; roundly denounced by the Toryism of the day as fatal to the continuance of Empire. Such was the gesture which gave self-government to South Africa by Sir Henry Campbell-Bannerman only four years after bitter and cruel war; which I myself heard denounced by the Conservative leader in the House of Commons as likely to lead to the importation of arms, the encouragement of rebellion, and the inevitable repudiation of the Imperial connection directly war broke out between Britain and her

enemies. We know now that the Liberal policy was the only possible policy by which that connection was preserved in the day of test and trial. The world saw with astonishment British armies led by Generals who, a few years ago, had been proclaimed outlaws by a British Government, their property forfeited, their recognition as combatants in war denied. And they saw these Generals as almost the only completely successful leaders in the secular conflict of the nations.

And even in the darkness and confusion which encompasses Ireland to-day, Liberalism may still find courage from memory of the immediate past. Only five years ago Ireland had accepted, as a Treaty of Peace and of forgetting, a measure of self-government within the Empire which ninety out of every hundred Irishmen were prepared to work in honourable agreement. For that Treaty, and in faith in its fulfilment, many of the flower of the nation went forth to fight battles which they regarded as much in Ireland's interest and honour as in Britain's. And that new chivalry, fighting for the first time in history for, and not against, the British arms, surrounds with immortal memories the graves of France and Flanders. Five desperate years may for a time obliterate this memory, and drive all men for a time into a determination to sever the last link which may bind them to the oppressors of their country. But beneath the delirium these memories abide. No such sacrifice has ever been made entirely in vain. The Government which is at war with Ireland is not representative

of the British people, and its policy in Ireland is passionately repudiated by the parties which make up the great majority of the electors. Its position is precarious and, at best, transitory. Any Government which succeeds it will come to the problem with clean hands. Liberalism need not yet despair that a new spirit of trust, a recognition of nationality and a nation with a right to be treated as an equal, instead of being bludgeoned into a submission, may still be able to effect a Treaty. Such a Treaty will leave Ireland a free nation indeed, as all British Dominions are free, but a nation accepting that Alliance which all Dominions accepted as part of a larger unity acting with a common will towards a common end.

Britain at first haughtily refused to treat with the Soviet Government in Russia. Later its attitude became almost cringing in its supplication for peace. It changed, not because Bolshevism had proved to be right, but because Bolshevism had proved to be strong. And Ireland has proved to be strong. British rule is baffled by an active and passive resistance unique in the world. Forty millions of people will have to recognise as equals the four millions of people who are determined to be free.

It is impossible to speak for the moment of any definite Liberal programme with respect to Ireland. For as I write, events seem progressing fast to some consummation or catastrophe which may make all present statement appear obsolete and absurd. At this moment the British Government is hurry-

ing its army into Ireland, and "hanging up" its so-called "Home Rule Bill" in the House of Commons. That Home Rule Bill represents the last word in political insanity. In Britain it is utterly repudiated by the Liberal Party and the Labour Party, who between them form a majority of the electorate. It divides Ireland into two nations, each with a National Parliament, and each with limited functions far removed from the Parliaments of the Dominions, or indeed of any National Parliament in existence. It takes power to suspend the creation of these Parliaments, and it repeals the Home Rule Act which the Liberal Government, in three years of enormous effort, had placed upon the Statute Book. It is thus passing a Bill for future relations between Britain and Ireland to which a majority of the people of Britain are opposed, and which in Ireland itself has not one solitary supporter. It gives to Ulster a Parliament which it does not want, and it refuses to the remainder of Ireland the only Parliament which it will accept. It recognises, seemingly with satisfaction, that the Parliament not wanted may come into operation, and that the Parliament designed to appease the national demand will never see the light. But it continues its clumsy and amazing policy, animated apparently by two ambitions. The one is that the passing of this Bill, even although it will never come into operation, will specifically and in terms repeal the Liberal Home Rule Act; the other is that the world may be deceived into the belief that we have, in

fact, offered something like self-government to Ireland, that Ireland has refused it, and that therefore our lost reputation for honesty and generosity may be restored.

To this combined policy of offering Ireland a divided nation and impossible Parliament, of rejecting the united Parliament which the British people have already given her, and of bludgeoning and terrorising Ireland into abandonment of any alternative policy, Liberalism, at present impotent, can but offer a protest and refusal to acquiesce. What is the policy of the New Liberalism when it is once again called to power? First, to treat as equals the elected representatives of the Irish people, instead of hunting them into hiding or clapping them into gaol; the policy, in a word, of a Kitchener, rather than a Milner, in the conclusion of the South African War. Second, to equalise the law of Ireland with the law of England, to attempt no attack on opinion, to allow Irishmen in Ireland to discuss and advocate any form of Government for their country, as Englishmen are allowed to do for theirs. For the more an independent Republican solution is discussed, cutting itself off from all the Irishmen in the Dominions and all the Irishmen in Britain, launching a little nation of four millions in a coveted situation amongst the uncertainties of future vast contending Empires, and carrying on a bitter trade and commercial boycott with its nearest neighbour, the more an Ireland released from that oppression which makes the wisest mad, is likely to turn towards

the acceptance of nationhood within the British Empire as a better alternative. Third, it will offer within that Empire the fullest measure of Dominion Home Rule, reserving only, as in the case of the Dominions, foreign relationships and Treaties until that time, which cannot be far distant, when such foreign relationships and Treaties must receive the endorsement of every representative Dominion Assembly. It may reserve also the question of National Defence, on account of proximity, although this question also would probably best be settled by joint Committees of the two nations. Ireland will not be found reluctant to accept any reasonable scheme against foreign invasion. She has suffered from foreign invasion for six hundred years.

And this Ireland will have to be one. There is no corner of the country in which there is not an overwhelming majority which recognises allegiance to a united nation. The artificial construction of a so-called Ulster, defined not by plebiscite of county, or even of a whole area, but by the demands of the men who organised the Ulster "rebellion," is a travesty of the doctrine of self-determination. This "Ulster" has never claimed to be a nation. In so far as it recognises itself as Irish, its place is with the Irish people. In so far as it repudiates Irish nationality, its place is outside Ireland. Its declared strongholds—Tyrone, Fermanagh, the historic city of Derry—have all gone over by a majority to the National cause. Practically only the city of Belfast and its suburbs remain; to-day

defying the wishes of the British Empire and the opinion of the world. And even that city returns a Nationalist member to Parliament, and exhibits a Labour movement in revolt against the dominance of the business and commercial magnates who are the last champions of the cause of hatred.

But Liberalism cannot "coerce" Ulster. So it is freely stated. Liberalism old or new never proposed to "coerce" Ulster, if by coercion is meant the methods employed in three-quarters of Ireland to-day. Neither did Mr. Redmond and Mr. Dillon when they were practically Dictators of Ireland. Neither do the Sinn Fein leaders to-day, even if they could obtain their Republic. No Government of Ireland or Britain calling itself Liberal will occupy Ulster with armed force and start shooting down peaceful citizens. On the other hand, Liberalism, old or new, will never interpret that refusal to "coerce" Ulster as a pledge to allow a minority of the inhabitants of Ulster to decide at their own whim and caprice how the majority, and the rest of Ireland, are to be governed. The plan suggested by the late Liberal Government was to allow a "contracting out" by county plebiscite for a term of years, at the end of which period any county thus contracting out would be allowed again a free choice. Such "contracted out" counties would remain, if they desired to be, portions of England or Scotland in the north-east corner of Ireland, and ruled by similar laws. Such a method would give complete self-determination to this "Ulster" minority, while at the same time

avoiding the farce and scandal of giving an artificially delimited "Ulster" a Parliament which might prove a centre of all bitter and corrupt anti-national interests. No one doubts that this little piece of disaffected Ireland thus left stranded on the coasts of the North Atlantic Ocean would sooner or later—sooner rather than later—decide to throw in its lot with the representatives of all the people in work for the common good. Ulstermen and Irishmen understand each other a good deal better than the less agile British brain understands either. And trade and economic pressure would forbid a permanent estrangement, so long as the British Government creates no artificial barriers by the institution of an Ulster Parliament. An attractive solution is the creation within a united Irish Parliament of two subordinate Assemblies, thus respecting the experiment of the subordinate Assemblies of Quebec and Ontario united in the Dominion of Canada. But whether this or any other similar schemes be devised, Liberalism will always refuse to permit Ulster to veto unconditionally the granting of self-government to Ireland. There are "Ulsters" in all the States which have come into uneasy existence through the Treaty of Versailles. These "Ulsters" have somehow got to learn to settle down and live with their neighbours. Ulster will not be "coerced." But if Ulster rose in rebellion against any reasonable Settlement, it would make itself an outlaw, and as an outlaw would be treated. Its trade and commerce would automatically cease.

Its postal communications would be suspended. Its ports would find no incoming or outgoing vessels. Its subsidies for Education and Land Purchase and Local Government and Pensions would be paid to the authorised Parliament in Dublin, not to the rebel Parliament in Belfast. In a few weeks or months its leaders would find such a rebellion a costly and unpopular business. They might decide to treat for terms with the nation whose claims they repudiate. They would not find those terms ungenerous, when the time came for the conclusion of the quarrel of centuries by honourable peace.

Such, at least in outline, is the New Liberal policy in Ireland. It might take the form of such direct legislation as I have suggested. It might take the form of the summoning of a "Constitutional Assembly" of all Ireland, itself to endeavour to beat out a Constitution. It might, again, refer the whole question to a great Council of the British Dominions, before which all parties could plead their cause. It might take such a step forward as would mean an epoch in the progress of humanity by referring the whole question of Ireland and its future status amongst the peoples of the world to the Assembly of the League of Nations. Whatever course be adopted, it must be preferable to the present course, which is an outrage and denial of the bedrock principles upon which Liberalism alone can build. There is concerning this intractable problem a great weariness, a great despair. Liberalism can never indulge in the luxury of such weariness, and despair is a denial

of its very spirit and being. I am confident that Liberalism possesses the solution of this problem; that no other solution can be found elsewhere; that this present darkness is but the last hour of the night; that the air is filled with the sound and promise of the dawn.

*Wish Kenyon all luck on his fine fight for the wise policy of making Liberalism and Labour stand together and not apart. Divided they must both fail. United they will overthrow privilege, monopoly and a legion of social and economic evils that oppress the people.—MR. LLOYD GEORGE to Labour candidate at Chelmsford, 1913.*

## CHAPTER IX

### NEW LIBERALISM AND THE LABOUR PARTY

FOR many years the choice of electors in Britain was simple and straightforward. If you were on the side of privilege and possession, the supremacy of an ancient feudal system, and a gospel, at its best, one of compassionate assistance from an aristocracy of birth or wealth to the less fortunate below, you voted for one political party. If you desired the liberation and independence of those less fortunate, their assumption of power, and their equal right, irrespective of class or creed, to all national advantage, you voted for the other. Both parties professed themselves the true friends of the poor, and both could point to legislative efforts designed to make the lot of these poor more durable. If one turned its face largely to the past, and endeavoured to conserve all that could be saved from the fretting processes of time, the other, in its bold adventure upon strange seas, was often suspected of a too reckless devotion to change for the sake of change. Each had its right and left wings. Conservatism shaded off, on the one hand, into something like hatred and fear of the insurgent masses of "Democracy"; and Liberalism threw up a series of democratic leaders—a Gladstone, a Chamberlain,

a Lloyd George—who were each accused of preaching the wildest doctrines of Socialism, raising class against class, and advocating changes subversive of the whole social order. Under the alternative directorship of one or other of these parties, in which all who took practical part in affairs found their “spiritual home,” Britain passed through a series of peaceful and legal Revolutions, which in other countries have only been accomplished through blood and upheaval, and in some are still not accomplished at all.

To-day, however, a third party challenges, and not unsuccessfully, the allegiance of the mass of the people. A Labour Party, which showed considerable activity, although no sensational progress, in the period immediately before the war, has emerged as a strong, definite organisation from the wreck of all parties in that terrific calamity. To-day it may make some justifiable claim to possess a following—judged by the counting of heads—not far short of, perhaps superior to, that of the “Coalition” or the Liberal Party, which formerly would have divided the voters between them. It has a great strength of support, especially in an age indifferent to ideas, or very much confused concerning them, in its acquisition of the “mass vote” of a Trades Unionism which stands triumphant, and which the changes of the war has raised to unprecedented power. This Trades Unionism has permeated regions which formerly it scarcely knew of. It has absorbed great masses of unskilled labour. It has penetrated the remotest agricultural counties. It has made more impression than

ever before on the middle classes and on the women. It has effected, or appears to have effected, enormous improvement of the wages and conditions of its members. It bargains with the Government as with an equal. And normally that Government, although often protesting its resistance, and sometimes offering an appearance of successful opposition, is found at the end to have conceded all its essential demands. In its highest developed form—in the "Triple Alliance" of the railway, transport and coal workers—it possesses an organisation containing the very substance of British working-class energy. Here is a great mass of well-fed, well-paid artizans and labourers holding the key industries of the country in the hollow of its hand, of the class to which the vital force of the country has passed from its former centre in a landed aristocracy, and a later, in the leaders of commerce and trade. It could, if it so willed, defy Government and Parliament, at least for a time. If irrational or capricious, wrongly led or seeking purely selfish ends, it could precipitate catastrophe.

To the strength of the allegiance of the organised Trades Unions, Labour is endeavouring to add that of the organised Co-operative Societies, which would give it assistance especially amongst the women, where it is weakest. To these great class organisations it has added individuals and bodies of men, drawn from all classes, who have not merely devotion to interests of manual labour organisations, but also definite determinations towards particular social ideals. Until recently the strongest body of these were the advocates of the Socialism

associated with the European movement towards "social democracy" as preached by many continental thinkers. They desired the passage, by peaceful persuasion of the electorate, and through Parliamentary change, from what they termed the "Capitalistic" order of society, to the "Socialistic." All the means of production were to be taken over and worked by that impersonal entity, the State; no longer in the interests of private profit, but for the general good of the community. Of late, however, repugnance to State control, whether in the form of Inspectors of the Poor, or Government departments hampering trade, has helped to develop different ideals. These are of each industry being owned by, and worked for the benefit of, the workers of that industry; organising Labour thus into a series of "Guilds," having no masters, but employing their own managers or skilled directors. Others, again, are impatient of any such constitutional change, and desire the transformation of society, sometimes through the weapon of a series of strikes, sometimes through an even more Direct Action by a revolutionary movement on the Russian model. Whatever be the particular panacea adopted for the removal of social evils, all join in an attack on "Capitalism" as the enemy to be overcome; all bring youth, energy, devotion, and a creed based sometimes on hatred, sometimes on aspiration. Without the driving force and intellectual power of those who thus believe in an ideal, the Labour movement as a political force would be a poor and sordid thing.

The mass of the people, however, are by no means

converted yet to these ideas, and the ideas themselves are contradictory. The leaders, therefore, who are attempting to guide the movement towards political success, have often to go softly, to be content with academic acceptance of great programmes which are hardly even seriously discussed, and to repudiate the more wild and passionate outbursts of many of their adherents. In practice they present a programme little, if at all, distinguishable from the advanced Liberal programme. In many of the bye-elections the actual changes advocated by the representatives of the two political parties are indistinguishable. The Labour advocate will garnish his practical suggestions with general denunciation of the "Capitalist System," and of the failure of Liberal Governments to satisfy the demands of the wage-earners. The Liberal representative will perhaps state that he stands, not for one class, but for all classes in the State; or that the nationalisation of all industries will mean a tyranny, and collapse of prosperity. A verbal duel may be maintained between these, in which the one endeavours to picture the effect of nationalisation in (say) the export textile trades, or upon the "capitalistic" system of Co-operation; the other brands the rich and successful Liberal employer as the very type of that exploiter of the working-man who is responsible for so many social ills. But neither side, in this controversy, really gets at grips with the other, because they are both addressing an electorate not yet interested in ultimate ideals of social change. Confused after the war, and not very sure of its future, it is desirous of high wages,

less hours of work, a decent home, security against unemployment. It is voting largely on the appeal to class : first, that Trades Unions and Co-operative societies shall place Trades Unions and Co-operative leaders in Parliament; and second, that the "working-man" shall choose for his representative one who has lived the life of the working-man. Present contests, therefore, show a combat, not between a Liberal and a Socialistic idea, but a combat between a Class appeal of the Labour organisation, on the one hand, to forsake Liberalism, and to vote for the representative of a Class; on the other the resisting force of the inherited and traditional adherence to a Liberalism of which most of the voters were formerly passionate supporters, assisted by what Liberal organisation survives. Although the contest in practice is not so unequal as it might have been deemed to be in theory—for after the collapse, fissure and betrayal of Liberalism in 1918, it might have been thought that Liberalism would have gone down completely and beyond recovery—there is no doubt that when ideas are absent or coincident, in large sections of the industrial community and amongst the rural Trades Union, the Class appeal is dominant. Trades Unionism is so worked into the political machine, the promotion within the Union to Secretary, local official or delegate is so dependable upon loyalty to, and prominence in, the Labour political party, the opportunities offered are so obvious, through minor appointments to Conferences, later as Guardians or Town Councillors, to the supreme prize of a Parliamentary seat, that it is explicable

that the bulk of all which is active and alive in the Trades Union world must of necessity be attracted to the Labour Party, and away from the historic parties between which its support was formerly, although unequally, divided. In some, and especially the new Unions, it is almost made a point of honour, as if membership itself demanded political support of the local Trades Union candidate at an election. To some extent this is even becoming, though perhaps for a time only, a repetition of the tyranny of the old feudal and landlord system. Members of Trades Unions, in meetings where Trades Unionists are present in bulk, are sometimes as afraid to lift up their hands in support of the Liberal candidates as once they were in country villages under the eyes of the representatives of the landlords. Systematic attempts are made, and not unsuccessfully—especially in the London area—to break up election meetings held in the interest of other candidates, by "Comrades" who hold the pitiful belief that by such violence they are advancing their cause. There are even efforts made to refuse a hearing for the less advanced comrades by the more advanced, who regard as traitors those "moderate men" whose utterances terrify other classes by their advocacy of far-reaching change.

All this, however, is a sign of movement and vitality in a new world, and not in itself calculated to cause anxiety. It is still evident that the mass of those who vote Labour are at heart Liberal, and that the mass of those who vote Liberal are prepared to support Labour, in lack of a Liberal representative, against the nominee of the Coalition.

The fierce warfare which is often waged by one against the other, in the speeches of the leaders and the newspapers, is scarcely reflected at all amongst the rank and file of voters. This is revealed by the almost universal uniting together of both, where three-cornered contests are avoided. The Labour Party has not only, for present purposes, whatever the ultimate ideals of some of its leaders, a practical programme of reform similar in all essentials possible in a decade or a generation to that of the New Liberalism: it is itself a great storehouse of Liberalism, in which the majority of the rank and file, and many of its most honoured leaders, are by creed and conviction Liberal; but who vote Labour, and support Labour, because of their loyalty to an organisation, or the wider loyalty to the class to which they belong. The Trades Unions entered politics largely owing to the attack on their very existence through the famous Taff Vale judgment. Had this never occurred, and had they maintained their character as purely industrial organisations, the Mass Vote and their financial resources would never have been at the disposal of the new Party. In that case the bulk of the Labour leaders and the mass of the rank and file would to-day be assisting in the success of the left wing of the Liberal Party. And if the half-crazy ideals of some politicians and publicists were realised, and, through the extinction of a Liberal Party and the declaration of a Class War on poor by rich, all were compelled either to solicit entrance into the Tory camp or to find some other home, the great mass of those who now are entirely loyal to Liberalism would be found aiding,

in such capacity as would be possible, the work of the Labour Party, and on the side of the poor.

It is evident that both Liberal and Labour Parties are strong, and that both command loyalty. Both are there to stay. The idea of some that Labour can, by repeated attacks on Liberalism, soon detach from it all that has influence and enthusiasm, and so become the only alternative to the party of privilege, is as vain as the idea of others that Labour can be reduced to the subordinate condition of an "advanced" wing, patronised by the Liberals, but not substantially a competitor. Both have strong elements of permanence. The conflict—in the electoral arena—has not yet developed into a conflict of ideals. It is a conflict of class, of organisation, to a less extent of personality. It is a conflict excited largely by the false and unnatural conditions of our electoral system, which would not be tolerated in any other European State where free parties exist. The hope of the immediate future is understanding. Without such an understanding, progress dies. The hungry interests supported by a minority of voters would dominate the Parliamentary machine. The minds of the workers, driven desperate by the evidence of this minority rule, would turn more and more to "Direct Action" by the use of their enormous and as yet but imperfectly understood industrial power. But an understanding (which certainly would not mean immediate "fusion," but would demand little more than that each should get out of the other's way) would involve no corrupt bargaining, no assassination of friends, no violation of principles. Such

understandings are the necessity of the continuance of Government itself in all those civilised countries—that is, practically all outside America—where the two-party system has proved inadequate for the variegated ideals of man. A programme of specific reform for some specific Government to undertake, found common alike in the Labour and the Liberal programme, could be one for the fulfilment of which both parties would be honourably committed. Such programme of a two-party majority would involve legitimate political compromise. It would not involve greater political compromise than that formerly needed in the programme of one political party; when (for example) extreme Whiggism and extreme Radicalism would unite to terminate Tory rule. And in the forefront of such a programme should be placed the effecting of such changes in the electoral machine as will make even compromise in the constituencies afterwards unnecessary.

The New Liberalism has no fear of failing to assert its principles in open and reasonable controversy in a political appeal. It believes that the country is destined neither to stay long in the trough of Toryism and under the dominance of the Interests on the one hand, or, on the other, to transfer the freedom of that State which depends on private property into the tyranny of that State where private property is unknown. All it asks for is an open field for the propagation of its ideas. It believes that the vast mass of the workers of Britain—of all classes—is at heart sympathetic to those ideas. It profoundly dislikes being placed in the position where it is compelled to fight the

representatives of the Labour Party in order to preserve its own existence, to the advantage solely of Toryism and the Interests. Electoral changes can be introduced which will allow it to fight for its own existence, even against the Labour Party, if that still maintains its unity, without in any way contributing to the advantage of Toryism. These changes should be the first work of any Parliament containing a majority of Liberal and Labour—the first pledge of any agreement designing to secure that end.

Under such conditions Liberalism would be prepared to take office again, with the general support of Labour members. It would be prepared to welcome a Labour Party in office, with the general support of Liberal members. It would be prepared for a combination of the two parties, forming a Government to carry out those two elements in their practical programme nine-tenths of which are common to both platforms; being content that the future should decide what questions of honest divergence of opinion should create a separation.

Such a statement may seem questionable when the arguments of the New Liberalism are so much directed against the Socialist or Syndicalist ideal, which is supposed to be the heart and core of the Labour movement as at present preached in this country. But the paradox is of the surface only. The New Liberalism asserts, first, that the great bulk of those now supporting Labour as an alternative, are not supporting it because of Syndicalist or Socialist ideas, in which they are not interested,

or which they do not understand. They are supporting it out of opposition to the present rulers of Britain, and of opposition to the present disability of the wage-earners. They think they can find a machine which will overthrow that rulership, and mitigate or remove that disability, by selecting men of their own class and trade organisations to represent them in Parliament. Those, on the other hand, who are Socialists, or attracted by the Socialist theory, are largely Socialist because they are outraged by certain specific evils and injustices, which they are determined to see removed. All removal of such injustices, combined with more deliberate insight into the cause of them, and the right way of remedy, will tend to bring over numbers to the advocacy of what has been called the Social Reform State as against the Socialist State; the State, that is to say, in which all liberty is maintained as is compatible with the abolition of poverty, against the State in which, in the desire to abolish poverty, liberty itself is destroyed.

I believe that both these statements will prove to be justified. The first is already demonstrating its truth, and to the detriment of the fine rush of enthusiasm which inspired the Labour Party after the coming of Peace. The use of the Mass Vote and the Class Appeal results undoubtedly in an enormous increase of number. It results—to be frank—in a woeful deterioration of quality. The chief injury to the Labour cause at present is the lack of intelligence, determination, leadership, and fighting power of the Labour representatives

in the House of Commons. And this is not due to any specific incapacity or betrayal of their trust by these elected representatives. It is due entirely to the working of the system by which they have been selected from others in the constituencies by the Labour machine. If the drift to the surface is to be confined for the most part to local Trades Union leaders, this disability will remain.

This is not a condemnation of the intelligence and energy of the Labour Party leaders, nor a repetition of the foolish cry that "Labour" is intellectually unfit to form a Government. The Labour Party has some of the ablest Parliamentary and extra-Parliamentary minds in the country at its disposal. But the appeal to Class and local Trades Union and Co-operative organisation in the constituencies tends to the rejection of the able outsider and the selection of the local Trades Union secretary. The result is so far glaring as to be publicly denounced by the Labour leaders themselves. Nearly two years after the General Election, the Liberal leader has been returned to Parliament, and almost every one of his former Liberal colleagues have each either fought a bye-election at the invitation of the local Liberal organisation, or been offered that opportunity. On the other hand, not one of the former Labour leaders in Parliament has even been selected as Labour candidate at a bye-election, even where the seat has been safe for Labour. The solitary exception is Mr. Henderson, who, in a town which has always been Tory, swept away, with a masterly gesture,

the local Labour candidate, and was triumphantly returned by the help of the Liberal Association and Liberal votes. Other leaders may gradually return as the days go by, and all may be returned in the upheaval of a General Election. But that does not affect the criticism of the position. It is a weakness, and not a strength, to be appealing to Class rather than opinion; to Trades Unionists to vote for a Trades Unionist, to Co-operators to vote for a Co-operator, to "working-men" to vote for working-men, as once landlords united to elect landlords to represent the landed interest. The only result can be that you get a representation of class rather than of opinion. And in such a representation, in a fight against opinion, class is bound to go down.

It may be, indeed, as the more long-sighted of the Labour leaders hope, that the appeal to class may ultimately develop into an appeal to opinion; and that those who first voted for a man because of his position, may, in the end, vote for him because of his ideals. But in that process the ideals will challenge the class, and must inevitably to some extent break up its unity. In a torrent of popular fury, as for example at the 1918 election, the whole class appeal may go. Trades Unionists in enormous numbers voted against the Trades Unionist candidates. So frantic a manifestation of public madness may perhaps never occur again, or at least not within a lifetime. But there will be lesser cataclysms when some one big subject will fill the public mind, and that subject not necessarily affecting the home interests of the Trades

Unionist world. And it is impossible to imagine that, in a well-educated, well-paid, dominant British working class, secure of comfort, leisure and employment, and possessing all the Briton's conspicuous and defiant assertion of the freedom of his own beliefs, all will be content to vote sheepishly, or as if a bag of peas, for a policy many of them may dislike, just because that is a policy maintained by the representatives of the Trade organisations to which they belong. Such an authority has never been exhibited in any country in any stage in the condition of the world. Even when the landlords dominated, there were big revolts of landlords against this landlord domination. The chances of its maintenance become more, not less remote, as reform removes classes and trades from the desperate condition of poverty, and leisure and education persuade men to make up their opinions for themselves.

The only possibility of such a unity being maintained is by a refusal to effect substantial changes in the condition of the mass of people out of respect to the assumed interests of the few. Just as the denial of Liberty to such a nation as Ireland unites Irishmen to the one sole aim of getting rid of the rulership of an alien power, so the denial of reform, and the continual picture of great wealth concentrated in the hands of a few, while the many lack comfort and opportunity, may so overshadow other interests in men's minds as to weld them into an unnatural unity. Such a unity may find an ill-understood State Socialism as its panacea. It may find as its panacea an ill-estimated revolutionary

Socialism. In lack of alternative of improvement to the system, it may deliberately attempt to break the very system itself. The revolutionist is the child of riches, not of poverty; and the legitimate father of the Bolshevik is the Profiteer. Those ardent souls who are content with nothing less than the shattering to bits of this "sorry scheme of things," may be right when they denounce all social reform as the enemy, and not the friend, of their ideal. The men who oppose social reform, and reform which involves great individual sacrifices of themselves and their class, are the best friends of the Socialism which they hate and fear.

The New Liberalism does not advocate these reforms as a means of "buying off Socialism." It has no belief in the policy of Ethelred to the Danes. It advocates these reforms as being right in themselves, and as being the only alternative to Socialism. It believes in property, possession, competition for attainment above a standard of life. It believes in a Capitalism widely diffused amongst a whole community, with each man and family owning a "stake in the country," some concern in its future, some pride in its possession. It regards the present enormous overbalance of great wealth on the one side, with a precarious maintenance on inefficient weekly wage on the other, to be not only unjust, but dangerous—a position which cannot be permanently maintained. But it believes in the reform, and not the destruction, of the existing order. And it believes that if this were violently overthrown, the chief injury would

be just to those very classes in whose name to-day the overthrow is demanded. It recognises, indeed, that in a succession of changes the State may undergo so many transformations as to be as different in a hundred year's time from that of to-day, as that of to-day is different from a hundred years ago. It regards such a prospect without fear, so long as the transformation continues on the lines of those beneficent ideas for which it is advocate and guardian. For, apart from the madness of war, there is a thousand times more comfort than a hundred years ago, and a thousand times more opportunity of happiness, of social improvement, of facility amongst the "common people" to obtain the few good things life can give. And there is at the same time a thousand times more liberty, more openings for men and women to break through the barriers of life imposed by man or by blind, impersonal forces, to cramp his endeavour and make him a helpless slave. It is the study of the advance already made in that direction, with the breaking down of privilege which seemed securely entrenched, and possession which for so long defied its foes, which enables Liberalism still to cherish hope of a policy of peaceful, unwearying progress.

Again, Liberalism is convinced that the very act of such improvement will throw increasing masses of men, leaders and followers alike, on the side of a system which will prove itself reconcilable with the demand of the wise for greater equality of opportunity, and of all for more equal share of what good things the feast of life can provide.

By hacking and hewing away at the causes of social discontent, you may convert those who are outraged by present conditions into belief that amelioration is possible without revolution, and that there are better means of securing general happiness and social security than the abolition of effort through the destruction of the instinct of possession. In most countries abroad the young man who starts as an ardent advocate of upheaval in the twenties, becomes in the forties or fifties the upholder of a system of reform. Practically every living statesman of France, for example, started his career in the revolutionary Socialist party. This is not to assert that they have all deliberately forsaken the ideals which first impelled them to preach the social revolution. It is rather to give example of a general law whereby those who become more familiar with an extraordinarily complicated social machine, which effects, by the mere fact of its working every twenty-four hours, a perpetually recurring miracle, become gradually less disposed to thrust a pole into its delicate apparatus in the hope of producing good results. They prefer, in the scornful version of their critics, to "tinker" rather than to destroy. "Often one sees and hears bitter attacks on the old system," writes a competent and disinterested observer, Mr. John Masefield. "It is called the commercial system, or the capitalist system, or the industrial system, and it comes in for much abuse. No doubt it deserves some abuse, and has deserved more, but it is a system which keeps the world going, and does the work of the world, and under

it the Christian populations using it have been doubled or trebled. It has had its triumphs as well as its infamies, and, whatever may be said against it, it remains the system by which we millions live, and no other system exists ready to hand to take its place. A system is a thing of slow growth. Man cannot improvise one. It is wiser to patch a leaky ship than to blow her out of the water with all on board, or to try to sail her with her leak." This is not the conclusion of some one of those who have lived sheltered lives from childhood, secure in the advantage which the Capitalist system is supposed to bring to the few at the expense of the many. It is the testimony of an observer who, in a variegated experience, has seen all the underside of the fabric of civilisation. "I claim a right to speak about the system," he asserts. "I have served it as a worker for ten years. Under it, I have helped to produce food and goods, to load them and carry them by land and sea to their markets, and to distribute them to their users. I have enjoyed the good and suffered from the bad sides of the system. The main thing to be said for it is that it gets the world's work done."

To sum up. New Liberalism recognises a Labour Party as a body largely animated by the same ideals, and working towards the same ends. It desires to co-operate in every practicable fashion towards the attainment of those common ends. In so far as any members of that Party are working for a universal Socialism, or for a violent destruction

of the present social order, these members are working for ideals divergent from the ideals of Liberalism. In so far as Labour is working for advanced social changes, equal opportunity, less divergence between rich and poor, the practical abolition of poverty by attack on the specific evils from which poverty is bred, it can work with the utmost harmony. And the fact that some of the ablest leaders of that Party believe in an ultimate transformation of society along lines which Liberalism believes would be unstable only, and not destined to endure, does not prevent union with such on all practical affairs in which both find the need for the same urgent reform. We saw men casting out devils and they followed not after us, was the complaint of old, which produced little corresponding sympathy. It was not important that they should "follow after us." What was of importance was that they should be "casting out devils." New Liberalism and the policy of the Labour Party coincide in outlook upon foreign affairs, in the advocacy of the League of Nations, in work towards self-determination of nations, in attitude towards Ireland, in maintenance of Free Trade. They agree also in the policy of a standard of life, the provision of comfort and leisure, the removal of the evil effects of unemployment, the provision of houses which shall be homes, the giving of the best possible equipment for life and its purposes to all, irrespective of class or creed. They both accept special treatment for the great monopolies and natural resources of this country, especially the land and the riches which lie below

the land. They both advocate a financial system which shall pay off debt, establish social services, reduce the inequality of fortune, let luxurious expenditure be curtailed at the one end in order that at the other the poor may live. There is here an enormous field for common enterprise, which both alike are preaching as the immediate work of Government. To the convinced Socialist this enterprise is merely a step to a universal communism, while to the Liberal it is the establishment of a state in which the elements of weakness which now give strength to the communist critic are removed. That is no reason why both should not work towards a policy which both advocate, and which will require all possible united efforts of all men of good will if the interests opposed to it are to be overcome. At present those interests are in the saddle, and ride mankind. The work of Reconstruction drags heavily. The work of reaction is everywhere apparent. Even the Land Crusade, which excited the enthusiasms of so many ardent spirits, has been stamped down and battered under, buried amid the plaudits of those whom it was once sweeping away before its impetuous advance. Everywhere, in the midst of the desolation caused by the war, one can see ideals mocked at or frustrated, bewilderment and confusion amongst all who once would have been united in strong demand for human betterment; and a great body of successful persons securely entrenched in power, whose sole desire is to establish the dominance of Wealth and Interest. But the movement of protest is already forward. Humanity

is becoming outraged at the revelation of this result as the outcome of a struggle for which the flower of the nation perished. And in common effort for overthrow of this dominance, Liberal and Labour Party should brush aside all personal polemic, envy or pride, and see if it be not possible for them to rise together to the height of the challenge; by the response to which each will be approved or condemned in the judgment of all future time.

*For the world is not to be won by anything—by religion or Empire or thought—except on those conditions with which the Kingdom of Heaven first came. What conquers must have those who devote themselves to it; who prefer it to all other things; who are proud to suffer for it, who can bear anything, so that it goes forward.*—R. W. CHURCH.

## CHAPTER X

### NEW LIBERALISM AND THE FUTURE

I HAVE written of the New Liberalism; but indeed the epithet is of little importance. The appeal is to principles as old as time, which will be followed as long as time endures; always sought for, never completely attained. There come periods when the cause goes joyfully forward, and all are cheered and heartened by the sense of a new dawn. There come periods of darkness, when pillar of cloud by day and fire by night are alike undiscoverable, and men move as if half asleep, and wholly afraid. And there are periods also when the denial of its belief and rejection of its authority have brought great troubles on the world; and men, after the calamity which has shattered their comfort and shaken their faith, turn again to examine the meaning of their life, and the ideas and ideals which make for human welfare. And they always are compelled to find that it has been decline

or death of this Liberal spirit which has been in great degree responsible for their miseries. For when Liberalism is declining or dead, the world is hastening towards calamity or revolution.

Such a period is the present. Half numb'd with loss, and wholly shattered in pride, men are groping in the twilight in search for the meaning of the terror which has fallen upon them. They are finding it in their denial of the Liberal spirit. They substituted a narrow nationalism for that Liberal temper which finds in the prosperity of each nation a contribution to the welfare of all. They substituted competing Imperialisms for that general sense of the common good of humanity which Liberalism, in the darkest hour, has never forgotten or betrayed. They set up trade barriers to promote misunderstandings, and were content by such apparatus of injustice to injure themselves, so long as they could also injure each other. They allowed society to fissure into deep division between rich and poor; a rich class becoming ever more insolent not only in the pride, but also in the extravagance of great possessions; a poor becoming ever more indignant at their disability, and hungry with envy of those who seemed to have monopolised the means of enjoyment, in a world from which the vision of any future vindication of a moral justice was gradually fading from men's minds. At last it became obvious to all that the race was between a horizontal fissure between class and class, in a great social upheaval from below; or a vertical fissure between nation and nation, in which for a time the social discontent would vanish.

in the fury of war. In this competition towards calamity, the latter won, though but hardly. In some cases, as in Russia, it has been followed by the former also, and there is no certainty that this will not be repeated elsewhere. And over all the reduction of wealth, the vanishing of the flower of manhood, the immense and incalculable loss and sorrow and pain, such as the world has not often seen in so short a space of time, there is written the lesson of the verdict of an unaltering appeal: *If thou hadst known, even thou at least in this thy day, the things which belong unto thy peace. . . . Behold your house is left unto you desolate.*

Emerging from this gigantic ruin of men's hopes and dreams, Liberalism once more plants a defiant banner, and proclaims its secure message to the world. In a previous appeal in a similar dark hour, Liberalism in this country was exhorted to "adjust its compasses." "By all means adjust your compasses," was the reply; "but see that they be adjusted to the fixed stars." New Liberalism to-day is also adjusting its compasses—and to the fixed stars.

Its ideal is Liberty, Fraternity, Equal Opportunity in all that is essential to human well-being, for all the family of mankind. It believes in personal possession, in the ownership of private property, in competition for success and attainment, in the stimulus of such competition amongst a race of men always inclined to ease, and amongst most of which no large unrest of mind furnishes a perpetual stimulus to action. It believes that such competition can be made an entirely beneficial

force, and that without it energy dies, and mankind settles down to an ignoble content. And the distance is but short from the land of ignoble content to the land of degeneration and decay.

It believes in Democracy. It can conceive of no ultimate ideal with which man can be satisfied but the Democratic ideal. It regards all schemes to attain even good things, by absolute submission to a Monarchy, an Aristocracy, a beneficent Dictatorship—a rule of the Few who are going to set in order the lives of the many—all these “short cuts” to comfort to be destined to inevitable failure. The world is strewn with the wreckage of such attempts to drive, instead of to lead, the common people; from the failure of the Patriot Kings, through the failure of the South American Theocracies, to the failure of the tyrannous, disinterested communist minority in Russia to-day. It is only by the stimulus, interest, education, freedom, enlightened moral and intellectual judgment of the common people, that the world will be saved.

It is better for men or nation to be self-governed than to be well governed. It is better that they should learn right choice through experience of wrong choice, than that they should be driven along right ways with no choice at all. The pessimist and cynic sees no progress, but merely a cycle in which the same errors and follies are committed by the succeeding generations of men. Liberalism has faith, sustained by the record of time, that there is a manifest progress towards an end. Man is young as yet, in a young planet. He is building

and knocking down again. But the building is always restarted on a higher plane, and with an unconquerable hope. But a little while ago he was slave or serf, the sport or caprice of rulers who regarded him as dumb cattle. To-day he is everywhere attaining freedom, and everywhere both learning and testing the conditions which freedom implies. From each new calamity he is taught the foolishness and wickedness which has made such calamity possible. He will attain a triumph over the blind and brute gods of Chance and Caprice. He will attain a triumph over the ape and tiger instincts which prevail within himself. He will learn the meaning of fellowship. He will learn the right use of his freedom. He will learn that in the combination of freedom and fellowship lies all the hope of the future.

Liberalism believes in a Government of Aristocracy. It knows no method of making all men equal. It would not desire the use of any instrument, if that instrument were available, for the attainment of such an end. But it does not believe in Government by an aristocracy of birth, or of wealth, or of landed or other possession. After these things do the Gentiles seek. It believes in Government by an aristocracy of intelligence; of energy; of character. It believes that an educated and enlightened Democracy will never rest content until such a Government is attained.

Liberalism is not a compromise between two extremes of opinion. It is not a "Middle Party." It is not a combination of compromises, stratagems and make-beliefs. It does not appeal for recruits

among Tories who are a little sentimental, and Socialists who are a little timid. It has a solution of its own for the ills which scourge humanity. It is not a "half-way house" between Conservatism and Revolution. It is not, indeed, a house at all, "half-way" or other. It is a broad road of travel along which may walk honest pilgrims through the confusion of life; not without glimpses, at the end, of the walls and towers of the Celestial City.

Its vision is of the height, and from the height it can draw inspiration and comfort. But its work is on the plain, amid the detail of convincing opinion, altering laws, disturbing men's lives. It is concerned, therefore, with the maintenance of a party, the winning of the approval of men and women at elections, the formation of a Government, the carrying out of its ideas, through such a Government, in the region of practical affairs.

To-day, in the application of its ideas to these practical affairs, it is calling aloud for the abandonment of the policy of revenge, and the establishment of the League of Nations; for a universal effort at "reparation"; for the saving of the European civilisation, now so hardly beset. It is calling for the abandonment of militarism; for peace. It is looking towards self-determination and self-government, and resolved to effect in Ireland that peace and security which it has effected elsewhere by the application of Liberal principles to men or nations rightly struggling to be free. At home it is fighting for that national economy and forsaking of extravagance which is the only alternative to national

bankruptcy. It is determined so to adjust the national burdens that they shall as little as may be hamper trade or intensify poverty. It demands a drastic treatment of all the monopolies, natural or artificial, and the industries upon which all others depend. It accepts readily the challenge that "if there be any one that makes many poor to make a few rich, that suits not a Commonwealth."

It is determined to take up again the campaign against poverty, temporarily suspended during the war. It will establish a national standard of life in wages, hours of work, house accommodation, opportunities of improvement. It is determined to remove the consequences of unemployment, the fear of which is the chief enemy of increased production, and the experience of which no man should be compelled to endure. It is determined to offer opportunities of education and advancement to all, and the tools "to those who can handle them"—whether these "tools" be quickness of brain, advance of capital, a chance of training, a piece of land. It desires a diffusion of knowledge amongst the many, not only to make these efficient wage-earners, but because knowledge is desirable for its own sake, and wisdom, more. It never will be satisfied until it has put opportunity for knowledge and wisdom within reach of all. It will offer special advantage of cultivation and attainment to all talented and daring minds. It desires to see, freely passing from the cottage homes of Britain, men who will give themselves to the advancement of knowledge, the increase of wealth, the development of trade, business and production,

the great adventure of all the world, offered by that astonishing inheritance, the British Dominions and Empire, to the inhabitants of this fortunate and crowded isle.

In its work for the fulfilment of these great ends, it calls to aid men and women of all classes, creeds and occupations. It will not favour the welfare of any particular class, nor will it in any way limit the choice of its representatives and leaders by the test of class. It will not select landlords because they are landlords, or business leaders because they have been successful in business, or Trades Unionists because they are Trades Unionists, or rich men, or poor men because they are rich or poor. It has been the glory of Liberalism in the past that it thus has been able to transcend the boundary of class limitation, and to call to its service men of good will of all and every class alike, in a fellowship "wide as human life, and deep as human need."

Its optimism is that of the greatest of all its past leaders; "the natural vein of a statesman," as his biographer said of Gladstone, "who had lived a long life of effort in persuading opinion in so many regions, in overcoming difficulty after difficulty, in content with a small reform where men would not let him achieve a great one, in patching where he could not build anew, in unquenchable faith, hope, patience, endeavour."

The call is for organisation of, and allegiance to, a party. The idea must find a local habitation, if any part of it is to be realised amongst the abodes of living men. I do not believe that the day of

parties is over. As I estimate the present condition of post-war England, numbed by past anxiety, fighting fiercely for pleasure and material gain, and with the best of its children dead, nothing but some party organisation, appealing to a past tradition and for a future ideal, can lift the minds of the people toward any impersonal end. The vague diffusion of ideas through newspapers, where they compete with the excitement of the current murder or divorce, or through individuals whose voice is drowned by the noise of the popular opportunist orator, appears a despairing enterprise. The ideal must descend from the beautiful and ineffectual realm of cloudband, and find embodiment in the organisation of persons who believe in it, and are willing to work for its attainment. I can find no better embodiment for New Liberalism than that at present represented by the organised Liberal Party.

I do not believe that this party is destined to be crushed by the organised party of privilege on the one hand, or, on the other, by the fury of the dispossessed for a universal upheaval. This great body of opinion, set on an ideal and possessed by a belief in its realisation which is as strong as a religious faith, will win to it again those fluctuating masses who have no fixed creed, and flutter into politics from day to day, now this way, now that, like feathers in the wind. If you criticise the Liberal leaders as ineffective, if you are impatient because insight finds but little fruit in deeds, if you attack the immediate past of Liberalism before the war, you are raising questions of

controversy to which there may be many replies. But surely you cannot be wrong if you set yourself to stimulate and encourage all those faithful spirits who are filled with honest hatred and loathing of present wrongs and iniquities, who believe that the breaking up of society would be fatal to progress, but who are determined to devote their lives to the liberation of the body of man from remediable suffering, and the spirit of man from the prison in which it is still confined.

Liberalism stands for such emancipation. It is determined to substitute for national hatred and class hatred, never more than at this moment tormenting humanity, the spirit of brotherhood and common effort towards reform. It has no enemy in any class or any nation. It demands a great appeasement—a fresh start. It asks that the great nations shall sacrifice some of their sovereign rights for the benefit of all the nations. It asks that great privilege and possession shall surrender some of its advantage, in order that the poor may live. It will work with any party prepared for co-operation in the realisation of such difficult ends.

If this party were indeed dead, haunting the tombs, and cherishing merely the memory of a former greatness, it would be impossible to persuade the young and active to devote their energies to its service. It is not dead. It is formidably alive. Every day, as the time-server and the half-hearted disappear from its allegiance, it finds a greater determination amongst its followers that it shall not die. Those who enjoy the superficial view

given by the chatter of the London clubs, and the little continuous naggings of the bulk of the London newspapers, have no idea of the strength and reality of this determination, found especially amongst women, but burning like a flame in the heart of a multitude of humble persons, amid the great indifference to all ideals in the society in which they live. Any one escaping from such blind guides of opinion would be amazed to find, up and down the land (in historic words), "in how many secret places the prayer was made which I had foolishly listened for at the corners of the streets; and on how many hills which I had thought left desolate, the hosts of heaven still moved in chariots of fire."

Our appeal, above all, is to youth; and youth must come to us, if Liberalism is once more to be the note of an age of beginnings. It may be that the task of the old will be confined, in the main, to the trustee and guardianship of a great tradition and inheritance which has been bequeathed them by the former generations; to keep that tradition untarnished; to pass on a flame which refuses to be quenched, and a spirit still unbroken. It may be that, as in the decision of old, the work of erection of the new Temple must be effected by a new race, "innocent of blood."

What matter, if the Temple be built at last, and still the work of preparation for it may go forward! It is no blind faith in an inevitable triumph of righteousness that "bids us to hope." It is the actual changes in the ways of men. After the conclusion of the General Election of 1918, the

Liberal Party presented to the observer the appearance of one vast ruin. It might have been thought that a generation would be required for its renewal as an operating force in human affairs. Many abandoned the contest in despair, no longer possessing courage and hope still to fight the forces of darkness.

But nearly two years afterwards a revival appears, as something in the nature of a miracle. Each has come to the other "bone to his bone"; the south wind and the north have blown upon that valley; and to-day breath has come into them, and they have arisen and stand upright, "an exceeding great army."

Who now is afraid or ashamed to hope for the attainment of those ideals which seemed to have vanished over the horizon? Liberalism in this generation may actually see the League of Nations visibly established in the world; and an Ireland prosperous and content, and perhaps even within the orbit of the British Confederation; and the abolition of the slum, the breeding of a new race of men, the vanishing of the degradation and misery which poverty, and the fear of poverty, bring. Hope of such results as these may well call youth into a life devotion to Liberalism. Determination for such an end may maintain their effort through the greatness and danger of the way.

For so only can the challenge of the prophet be accepted, and the vision of the poet attained: "If He that strengthens your servants to fight, please to give you hearts to set on these things,

you shall shine forth to other nations, who shall emulate the glory of such a pattern." And here on the solid ground, "Jerusalem" shall be "bulded," in "England's green and pleasant land."